



Daishin  
Securities  
Annual Report  
2019





## A Connection



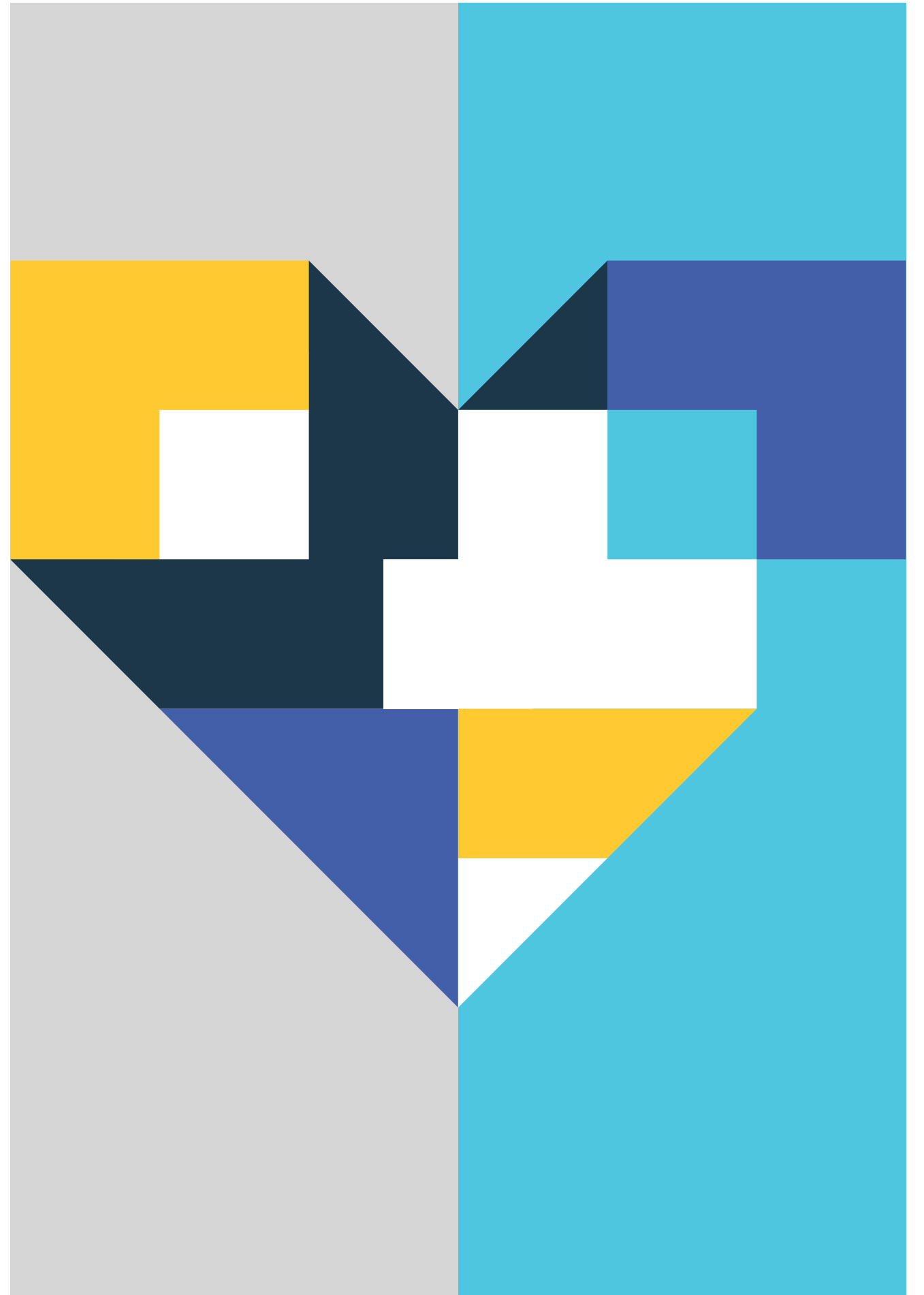
# Without Trust, Nothing is Possible.

– Late founder, Jae-Bong Yang



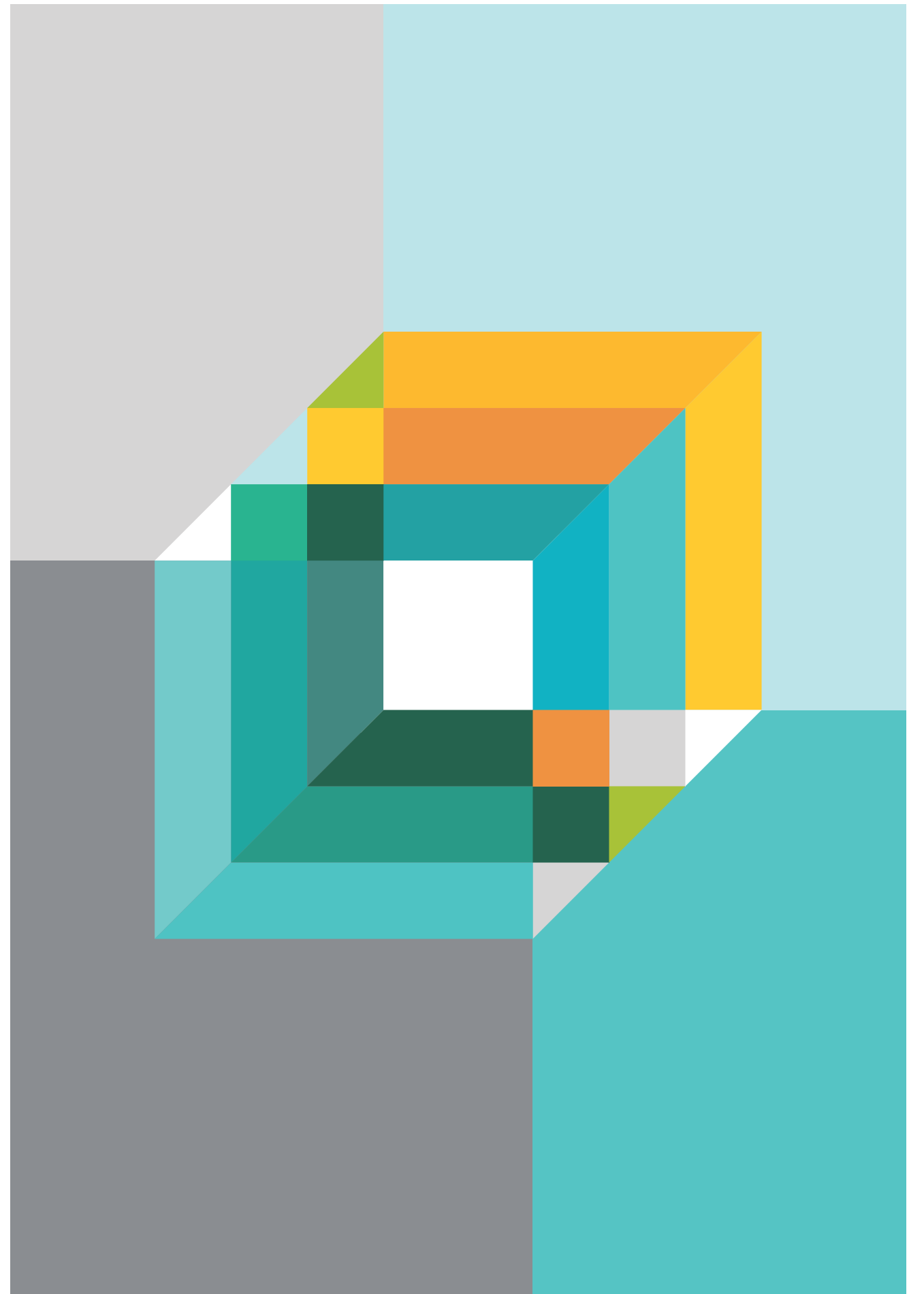
Since Its Foundation,  
Daishin Financial  
Group has Valued  
Customer-Centricity  
The Most.

- Chairwoman of Daishin Financial  
Group, Auh-Ryung Lee in her  
2018 speech to commemorate its  
foundation



We will Provide  
a Differentiated  
Customer Value that  
Only Daishin Can.

– CEO Jai-Chel Na



# Contents

1. Introduction

Company Overview14

Message from Chairwoman16

CEO Interview18

Board of Directors20

2018 Business Assessment & Strategic Goals22

Capital Stock & Dividend / 2019 Business Strategies23

2. Business and Strategy

Business Results of Daishin Securities28

Financial Highlight30

Performance by Business Unit32

Results of Main Subsidiary Companies42

3. Financial Report

Audit Report on Consolidated

Financial Statements52

Audit Report on Financial Statements62

4. Appendix

Achievements72

Social Contribution76

History78

Awards79

Network80

Company Executives82

Organization Chart84

Now, Daishin Securities is going beyond the securities industry and evolving into a bigger business area. Based on our expertise in finance and real estate, everyone at Daishin Securities will make concerted efforts to enable sustainable growth by building various new business models.

January 2, 2019

Daishin Financial Group

Chairwoman Auh-Ryung Lee’s New Year’s address

FY18(58th Term) :  
2018. 01. 01~2018. 12. 31

FY17(57th Term) :  
2017. 01. 01~2017. 12. 31

FY16(56th Term) :  
2016. 01. 01~2016. 12. 31

# 01. Introduction

Company Overview

Message from Chairwoman

CEO Interview

Board of Directors

2018 Business Assessment & Strategic Goals

Capital Stock & Dividend

2019 Business Strategies





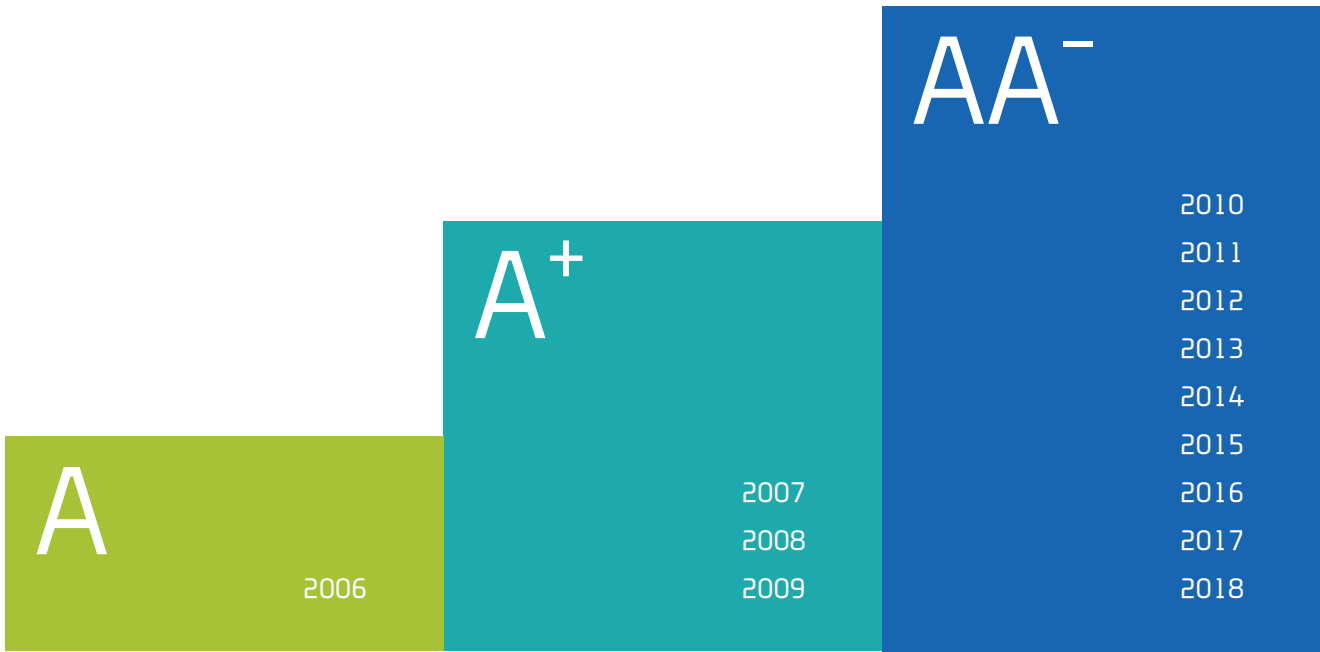
# Company Overview

## About Us

As of December 31, 2018, separated basis

Business Type	Business Areas	Date of Establishment	Listing Date
Financial Investment Service	Dealings, brokerage, Trust, investment advisory, discretionary investment management, etc.	July 27, 1962	October 1, 1975
Head Office Address	Number of Employees	Domestic Network	Overseas Network
Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea	1,469	50 (49 branches and 1 business department)	3 overseas subsidiaries (Hong Kong, United States, Singapore), 1 overseas office (Tokyo)
Capital Stock	Total Shareholders' Equity	Total Assets	
KRW 4.349 billion	KRW 1.7951 trillion (Consolidated KRW 2.0008 trillion)	KRW 14.0163 trillion (Consolidated KRW 19.1513 trillion)	

## Credit Ratings



## Connected Summary of Financial Statements

Unit : KRW 1 billion

Category	FY16	FY17	FY18
Operating Revenue	4,134.7	3,548.4	2,557.0
Operating Expense	4,051.3	3,415.4	2,398.5
Operating Income	83.3	132.9	158.5
Non-Operating Income	2.8	18.3	30.8
Net Income before Tax	86.1	151.3	189.3
Net Income	74.0	115.9	140.7
Total Assets	17,629.6	17,446.8	19,151.3
Total Liabilities	15,914.5	15,578.9	17,150.4
Total Capital	1,778.1	1,867.9	2,000.9
EPS for Common Stock (KRW)	1,027	1,615	1,961

## Separate Summary of Financial Statements

Unit : KRW 1 billion

Category	FY16	FY17	FY18
Operating Revenue	3,866.7	3,270.1	2,236.5
Operating Expense	3,841.3	3,217.2	2,108.8
Operating Income	25.4	52.9	127.6
Non-Operating Income	7.3	20.1	18.3
Net Income before Tax	32.7	73.0	145.9
Net Income	30.6	61.4	114.8
Total Assets	14,532.9	13,512.6	14,016.3
Total Liabilities	12,850.6	11,795.1	12,221.1
Total Capital	1,682.2	1,717.5	1,795.1
EPS for Common Stock (KRW)	416	849	1,595

# Message from Chairwoman

We will constantly practice

『Customers’ trust, co-existence with customers and innovative progress』,  
and become a company that meets the expectations of our shareholders.



Dear shareholders!

I'd like to express my deepest gratitude to shareholders for your continued interest in and support for Daishin Securities on behalf of all its employees.

Daishin Securities has been continuously growing thanks to the support of shareholders. In 2018, through collaboration among group affiliates, we further solidified the foundation for future growth, and attained meaningful results through new attempts and changes, which is proven by the balanced performance of not only the securities company but also our affiliates.

Now, Daishin Securities is going beyond the securities industry, and evolving into a bigger business area. Based on our expertise in finance and real estate, everyone at Daishin Securities will make concerted efforts to enable sustainable growth by building various new business models.

Dear shareholders!

The securities industry is undergoing significant changes. Since last year, the uncertainty of the financial market has been further increasing due to the US interest rate hike, the global recession, the slowdown in the domestic economy and several political and diplomatic issues.

In the securities industry, cutthroat competition is continuing due to the aggressive marketing of large securities companies with increased equities, and new competitors in other industries are also threatening us, such as attempts by Fintech companies to make inroads into the securities industry. With the barriers between different industries collapsing and competition getting tougher, we can hardly expect to survive if we are not always aware of the changes and pulling ahead of others.

Despite these difficult business conditions, Daishin Securities has grown continuously by faithfully carrying out our strategic goals, i.e. 'Unique' and 'Fitness.' For example, we established a revenue model that can best express the appeal of Daishin by 'securing uniqueness' and continuously create revenue.

The alternative investment products, sold by Daishin Securities, became the representative products of Daishin that are stable and profitable at the same time, and have been received very favorably by many customers. In the IPO sector, Daishin Securities was ranked No. 2 in the League Table thanks to its differentiated IPO know-how, established subsidiaries in New York and Singapore, and laid down the foundation for stably creating revenue at home and abroad. Also, we established a 'fitness model' that can actively respond to changes by efficiently distributing and utilizing management resources. We improved the organization and business processes with a focus on productivity and efficiency, and reorganized the business structure with an emphasis on strategic businesses. We improved the platform into a system for enhancing the productivity of sales and business, and concentrated on risk management by stably managing capital to hedge against volatility.

Dear shareholders!

Everyone at Daishin Securities will make concerted efforts to meet your expectations by continuously creating revenue and thoroughly managing profits and losses this year too. Daishin

Securities' strategic goals for this year are 'Unique' and 'Fitness' like last year.

For 'Unique,' the first strategic goal, we will stably create revenue and customer-oriented service, and reinforce our own colors. To mitigate economic uncertainty expected for this year, we will put top priority on stable management and investment that protects the assets of customers and the company. To this end, we will source safe financial instruments, and expand business for creating stable revenue. Also, we will do our best to improve customer values by providing customized products and services in consideration of the assets and investment propensity of each customer.

For 'Fitness,' the second strategic goal, we will enhance business efficiency and increase overall resource efficiency. We will endeavor to form a fast and flexible performance-oriented organization, and reorganize our business with an emphasis on our primary tasks through choice and focus suited for our strategic direction, and thus enhance productivity and efficiency. Also, we will prepare for economic slowdown and increased volatility by concentrating on risk management, such as by reducing risk assets and refraining from directional investments.

Dear shareholders!

Daishin Securities will constantly practice 『Customers' trust, co-existence with customers and innovative progress』, the core values that we have always protected in the past 58 years through our customer value-centric policy, and become a company that meets the expectations of shareholders.

I'd like to express my heartfelt thanks once again to shareholders who have trusted and supported us over the years, and I wish good health and happiness for all of you. Thank you.

Chairwoman of Daishin Financial Group

Auh-Ryung Lee

# CEO Interview

## How was the 2018 fiscal year for Daishin Securities?

Consolidated pre-tax profit KRW189.2 billion, net income KRW140.7 billion, Return on equity (ROE) 7%. This was the performance of Daishin Securities in 2018. All sectors of securities grew evenly. The operating revenue of the IB Division stood out in the initial public offering (IPO) market, and went up by 79% over 2017. The WM department also increased by 21% thanks to increased asset management commissions, e.g. funds, trust and wrap accounts, and the brokerage department also saw its performance improve by 28% over the previous year due to increased daily average trading value. The operating revenue of trading increased by 58% YoY thanks to the increased gains from appreciation of derivatives and increased revenue from commissions. F&I performed reasonably well, i.e. pre-tax profit KRW41.9 billion and net income KRW30.4 billion. Savings Bank continuously grew in corporate finance and its pre-tax profit amounted to KRW33.8 billion. Its subsidiaries contributed to improving the overall performance of Daishin Securities.

Daishin Securities chose to diversify its business portfolio through its financial and real estate affiliates, and is creating a business model with high growth potential and profitability by increasing the role of IB and principal investment as well as WM. The IPO Division, which focused on the niche market specializing in enterprises of middle standing and SMEs, served as a lead manager for the IPO of 10 companies in total worth KRW399.2 billion. In 2018, the IPO Division was ranked No. 2 in IPO management. Daishin Securities also expanded its business to overseas real estate, and established a US subsidiary, and is preparing to generate revenue by investing in the real estate in key cities in the US and Japan. Last September, we invested in overseas real estate in Manhattan, New York. The real estate trust company, which has made preparations to provide financial and real estate convergence service, obtained the preliminary license, and had the approval for investing a capital of KRW100 billion from the Financial Services Commission. Currently we established a new corporation called DSAT Company, and awaits the main approval. The real estate trust business is one that can participate in all processes of the real estate development project, from real estate development to investment and sales. It is expected to further reinforce the real estate business and expertise of Daishin Securities.

## How are you planning to lead the company in 2019?

In 2019, Daishin Securities chose reinforcement of risk management and financial soundness as its top-priority mission. We will carefully maintain the risk management system to appropriately respond to unexpected crises. We will also concentrate investments in areas where we can stably generate revenue while minimizing risks. We are aware that mid-to-long-term asset distribution positioning determines the success or failure of investment rather than understanding the short-term market flow.

The area we must concentrate our energies on is the WM Division. As the lifespan of human is continuing to increase, the demands for asset management service throughout the lifecycle, not merely one-off asset increase, are increasing. Daishin Securities is planning to establish a firm WM philosophy, and expand and reinforce the WM business. Daishin Securities selected 'Jibulseunam,' which means 'protecting, enlarging, using, and saving customers' assets,' as the goal of WM, and is providing the best WM solutions so that customers can be financially healthy even at the age of 100. Earnings from brokerage, which accounted for a large part of the company's revenue in the past, declined to 30% in 2018. As we cannot expect to survive if we depend on earnings from brokerage as we did in the past, Daishin Securities is developing real estate into another central axis of the group next to finance to create new competitive sources of revenue. We are providing the convergence service of finance and real estate to customers through our affiliates with various competencies. Alternative real estate investment products are a good example. F&I, which features competitiveness in real estate, and Savings Bank and Securities IB, which conduct loan business and own a lot of real estate as security, will take charge of the supply of underlying assets, and Asset Management is in charge of fund setup and management, and Securities are selling the funds.

## Do you have any advice for investors in 2019?

This year, the KOSPI is expected to rise in the first half, and down in the second half. It will be more stable than in 2018, but there are still more unfavorable factors than favorable ones, and I am afraid that volatility will increase. For this reason, I'd like to say that 'holding your assets is considered investing too' this year. As the powerful growth of the US economy is slowing down, the US interest rate increase cycle is also expected to end in the first half. The termination of the US interest rate increase will lead to caution about global economic slowdown and performance. The US-China trade war, conflicts in the Eurozone, political risks and corporate debt risks will be the risk factors in the global financial market. I hope that investors will keep the word 'safety' in mind this year. When variability increases, we need to keep our assets safe rather than outperforming the market.

## CEO of Daishin Securities

Jai-Chel Na

나재철



I hope that investors will keep the word 'safety' in mind this year. When variability increases, we need to keep our assets safe rather than beating the market.



# Board of Directors (as of April, 2019)

Daishin Securities Co. Ltd strive to establish transparency and implement responsible management in all areas of decision making, financial activity, and supervision systems.

Daishin has established an outstanding management structure that is based on the efficiency and responsibility of our board of directors. By these means, we protect the rights of any persons connected to our business and increase our corporate value. The board of directors is composed of 7 people, 4 of whom are external directors. Also, there are 4 small committees within the board of directors: the Audit Committee, the Board of Directors Recommendations Committee, the Risk Management Committee, and Remuneration Committee.



## External Evaluation of Corporate Governance

Daishin Securities received B+ in the corporate governance rating, annually investigated and announced by Corporate Governance Service (CGS). Corporate Governance Service said that the corporate governance of Daishin Securities needs to make some efforts to meet the corporate governance criteria especially for financial institutions, and the values of shareholders, depositors and investors are somewhat likely to be undermined due to corporate governance risks.

## Management



Chairwoman,  
Auh-Ryung Lee



CEO,  
Jai-Chel Na



President,  
Hong-Seok Yang

## External Directors



External Director,  
Byeong-Cheol Kim

Member of the Committee of Inspection, the Board of Audit and Inspection in Korea

Member of the Financial Administration, the Financial Services Commission

Member of the Ministry of Personnel Management



External Director,  
Jae-Guk Shin

Director of Investigation Bureau, National Tax Service

Director of Investigation Bureau, NTS Jungbu Regional Office

CEO, Lee&K Tax Consulting



External Director,  
Ji-Won Lee

Deloitte Touche Tohmatsu Limited

CEO, L&C Tax Office



External Director,  
Chang-Se Lee

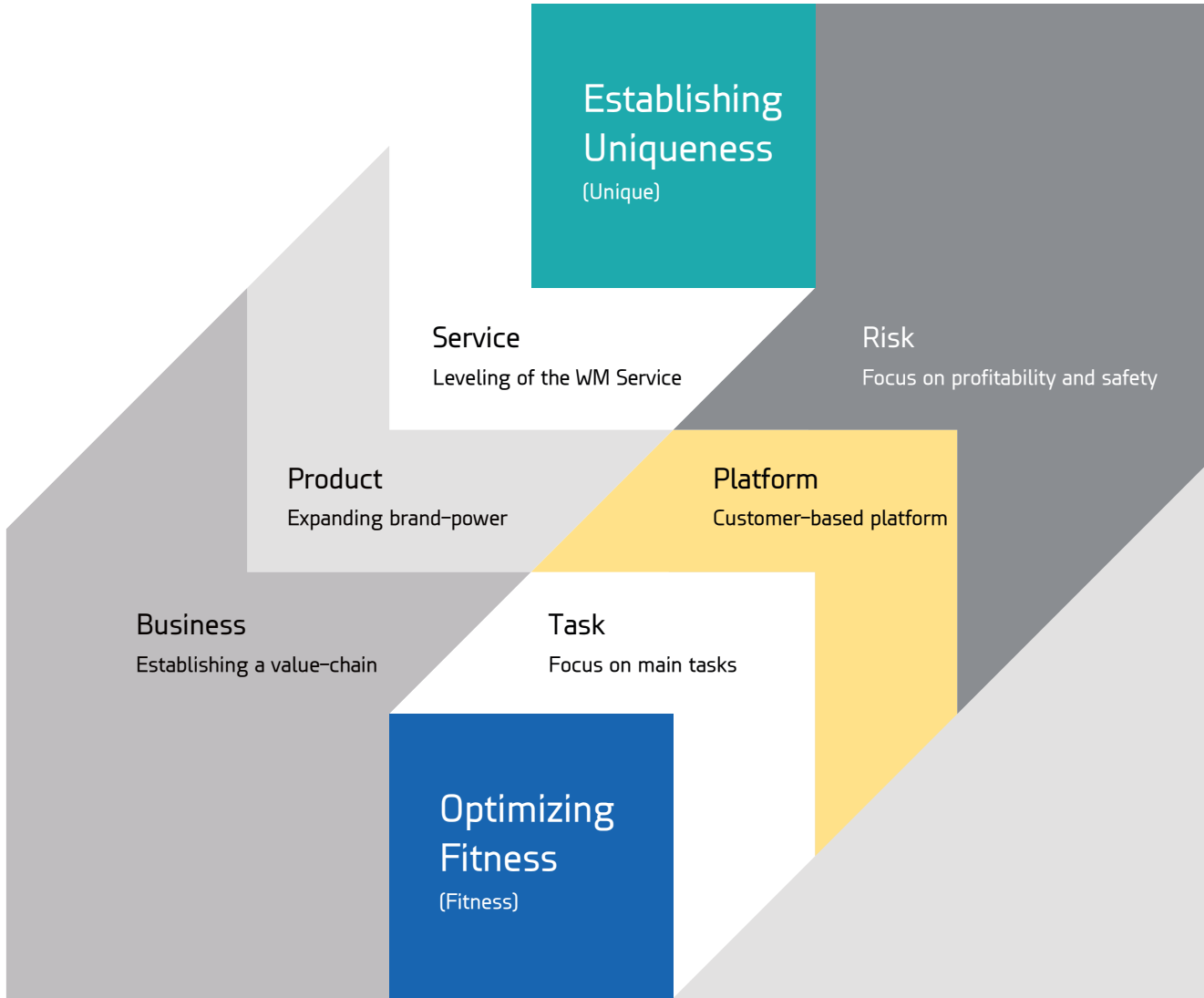
Head of Prosecutors, Supreme Prosecutors' Office

Chief Inspector, Seoul Supreme Prosecutors' Office

Lawyer, Dongin Law Group

# 2018 Business Assessment & Strategic Goals

## 2018 Strategic Goals



## 2018 Business Assessment

1. In 2018, we sought to **invigorate revenue sources** by diversifying business, such as asset management and investment finance.

2. To reinforce WM sales, we concentrated on increasing financial assets with a focus on HNW customers, and as a result, **retail financial assets increased by 31% QoQ**.

3. The IPO Division was ranked No. 1 with 14 transactions, and No. 2 in size in the industry (KRW425.2 billion). We aimed to **create synergies in diversifying revenue sources through the IPO business**.
4. Advancement into overseas markets by establishing a US subsidiary laid the foundation for increasing investment and product supply, and, **providing various opportunities to HNW customers**.

5. The alternative investment products, which we sourced through collaboration among the business units of affiliates with the aim of supplying stable and profitable products, accomplished the sales objective of KRW1 trillion, exceeding the goal for two consecutive years. **As they are recognized as 'safe products,' alternative investment products are gradually increasing as UHNW customers are increasing**.

# Capital Stock & Dividend

## Types and Number of Stocks Issued

Common Stock	First-Preferred Stock	Second-Preferred Stock	Total Capital Stock
50,773,400 shares (KRW 253,867,000,000)	26,000,000 shares (KRW 130,000,000,000)	10,000,000 shares (KRW 50,000,000,000)	KRW 434,867,000,000

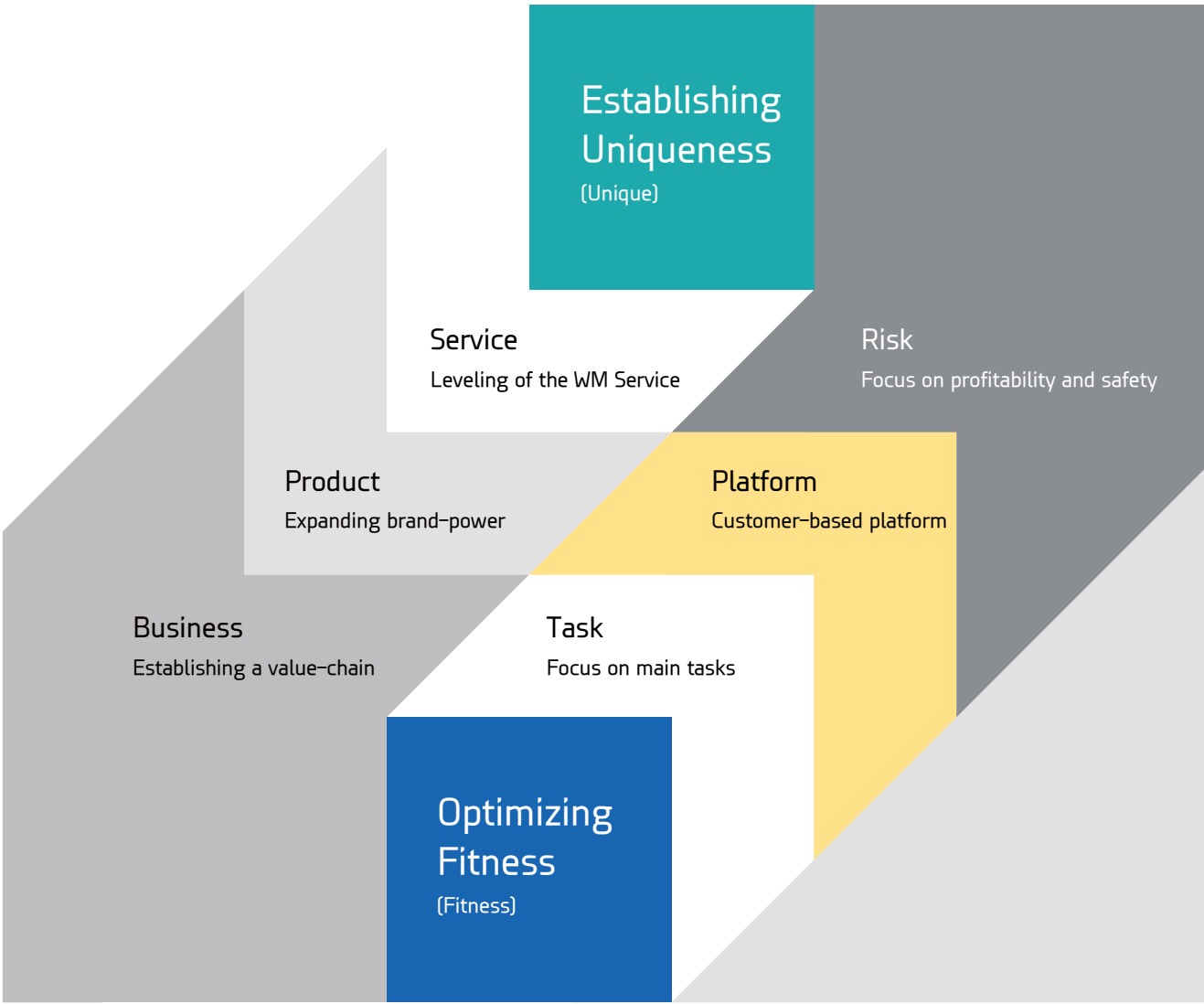
## Cash Dividends Paid out for 21 Consecutive Years

Unit : KRW (Dividend per share) /  
KRW 1 billion (Consolidated Net income  
& Total cash Dividends )

Year	Dividend per share			Dividend yield			Consolidated Net income	Total cash Dividends	Payout ratio
	Common stock	First-preferred stock	Second-preferred stock	Common stock	First-preferred stock	Second-preferred stock			
FY18	620	670	620	5.1%	7.2%	7.2%	140.7	45.5	32.3%
FY17	610	660	610	4.1%	6.6%	6.6%	115.9	44.7	38.5%
FY16	550	600	550	5.0%	7.8%	7.6%	74.0	40.3	54.5%
FY15	500	550	500	4.0%	6.9%	6.8%	136.2	36.6	26.9%
FY14	250	300	250	2.5%	4.6%	4.1%	43.7	19.4	44.4%
FY13	200	250	200	2.6%	4.4%	3.9%	15.1	16.3	107.9%
FY12	500	550	500	5.1%	8.4%	8.2%	3.4	38.7	1138.2%
FY11	650	700	650	5.3%	8.8%	8.6%	89.9	51.5	57.3%
FY10	750	800	750	4.8%	7.7%	8.1%	85.4	59.8	70.0%
FY09	1000	1050	1000	5.9%	9.8%	10.6%	91.4	79.0	86.5%
FY08	1000	1050	1000	5.4%	12.9%	13.6%	103.3	80.1	77.6%
FY07	1250	1300	1250	5.2%	9.5%	10.3%	177.8	106.2	59.7%
FY06	1000	1050	-	4.4%	7.2%	-	100.0	77.4	77.5%
FY05	1000	1050	-	4.9%	6.8%	-	151.4	75.0	47.6%
FY04	500	550	-	3.3%	5.1%	-	41.2	37.1	90.0%
FY03	650	700	-	3.8%	7.4%	-	73.8	49.1	66.5%
FY02	500	550	-	3.3%	7.4%	-	42.0	38.2	90.9%
FY01	500	550	-	1.9%	4.4%	-	13.4	38.7	288.1%
FY00	750	800	-	7.3%	13.4%	-	87.3	57.4	65.7%
FY99	1500	1550	-	8.8%	12.1%	-	337.1	113.5	33.7%
FY98	500	550	-	3.7%	5.9%	-	63.6	29.5	46.4%

# 2018 Business Assessment & Strategic Goals

## 2018 Strategic Goals



## 2018 Business Assessment

1. In 2018, we sought to **invigorate revenue sources** by diversifying business, such as asset management and investment finance.
2. To reinforce WM sales, we concentrated on increasing financial assets with a focus on HNW customers, and as a result, **retail financial assets increased by 31% QoQ**.
3. The IPO Division was ranked No. 1 with 14 transactions, and No. 2 in size in the industry (KRW425.2 billion). We aimed to **create synergies in diversifying revenue sources through the IPO business**.
4. Advancement into overseas markets by establishing a US subsidiary laid the foundation for increasing investment and product supply, and, **providing various opportunities to HNW customers**.
5. The alternative investment products, which we sourced through collaboration among the business units of affiliates with the aim of supplying stable and profitable products, accomplished the sales objective of KRW1 trillion, exceeding the goal for two consecutive years. **As they are recognized as 'safe products,' alternative investment products are gradually increasing as UHNW customers are increasing.**

# 2019 Business Strategies



# 02. Business and Strategy

Business Results of Daishin Securities

Financial Highlight

Performance by Business Unit

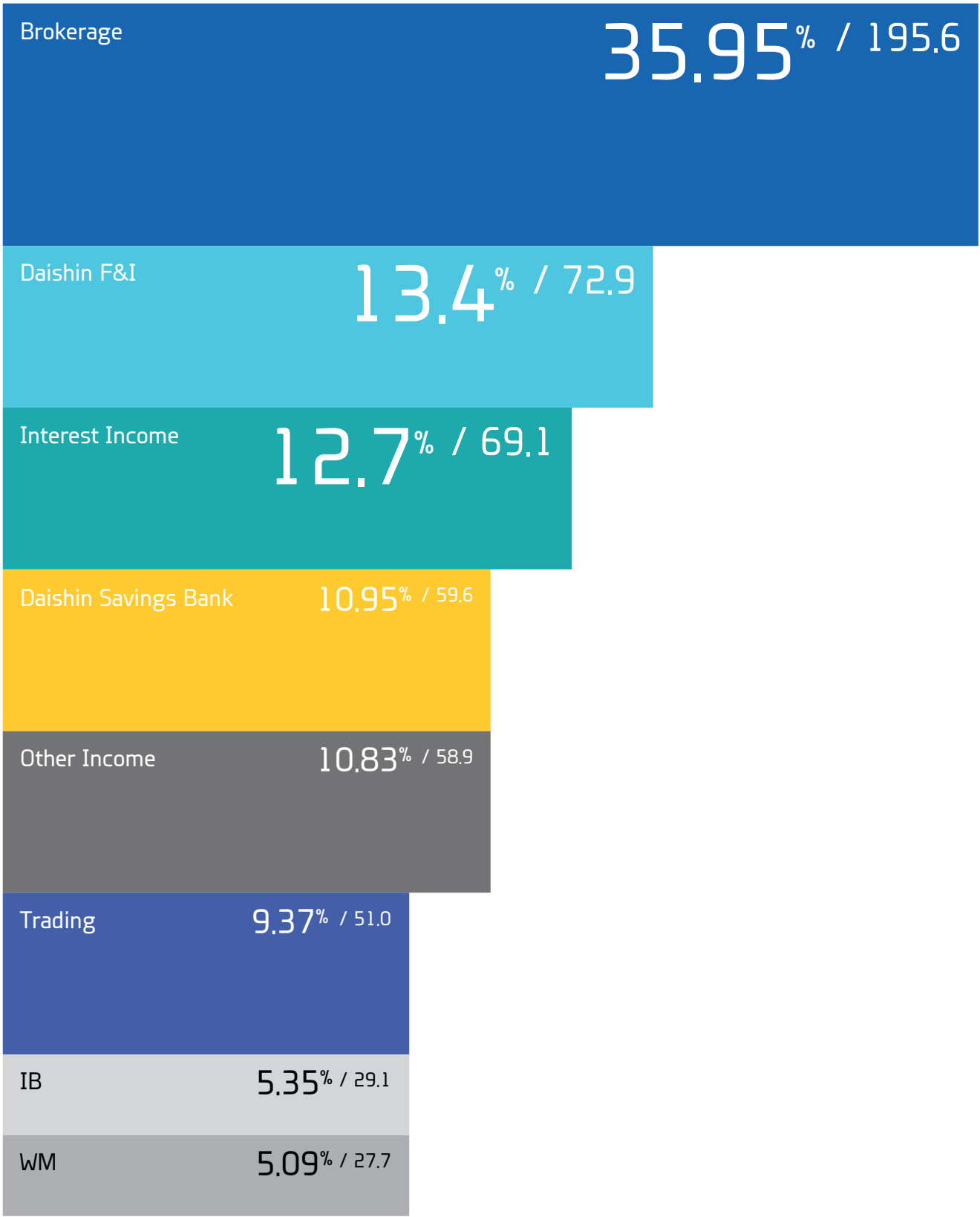
Results of Main Subsidiary Companies



# Business Results for Main Subsidiary Companies (Unit : KRW 1 billion)

	Total Assets	Total Capital	Pre-tax Profit
Daishin Securities	14,016.3	1,795.2	145.9
Daishin F&I	2,490.5	468.7	41.9
Daishin Savings Bank	1,620.2	193.1	33.7
Daishin Asset Management	35.2	33.7	0.2
Daishin Private Equity	11.0	10.7	0.9
Daishin Economic Research Institute	6.7	6.3	-0.5

# Composition of FY2018 Net Operating Revenue (Unit : % / KRW 1 billion)





# Financial Highlight

In 2018, consolidated net income amounted to KRW140.7 billion, up 21.39% over 2017 thanks to the increased revenue from brokerage services due to the increased daily average trading value of securities, and earnings from asset management (WM), IB and trading.

Also, 100% subsidiaries, such as Daishin F&I and Daishin Savings Bank, realized stable profits, and contributed to the business diversification of the group. We will keep our own value, such as protecting and increasing customers’ assets in any environment, by providing differentiating financial instruments and customer service.

2018 Consolidated Profit before Tax

190.3

Unit : KRW 1 billion

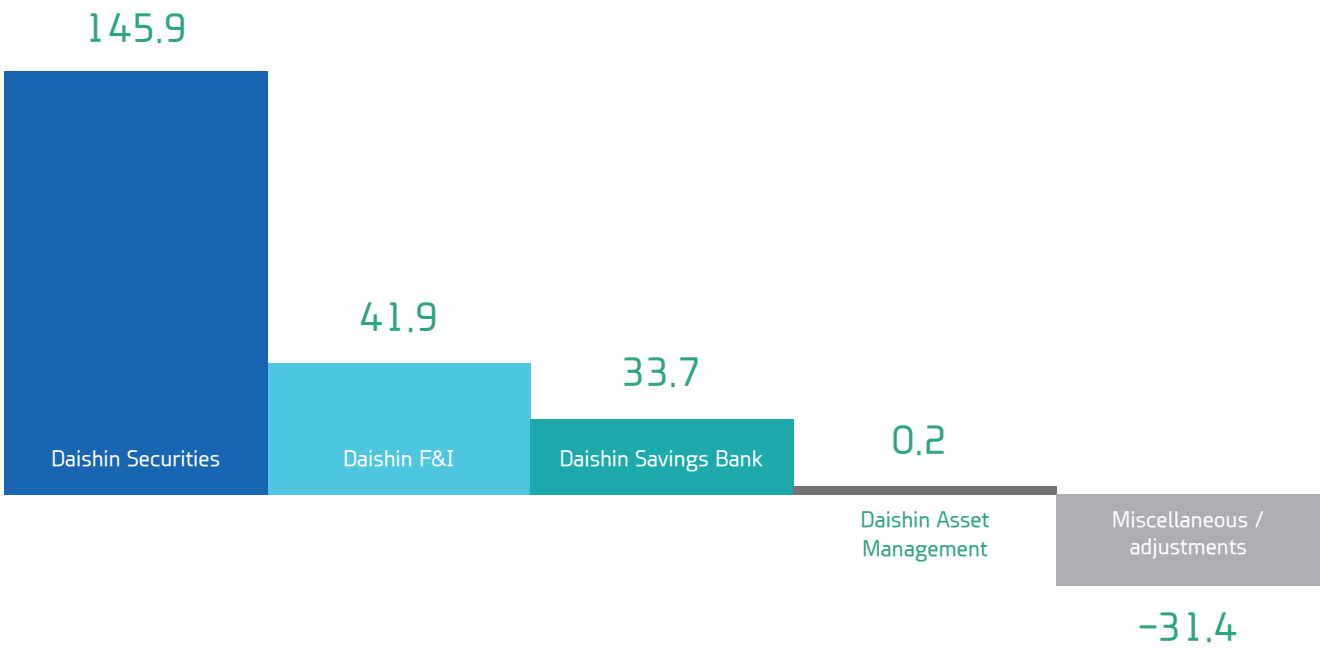
2018 Consolidated Current Net Income

140.7

Unit : KRW 1 billion

Composition of Current Profit before Tax

Unit : KRW 1 billion



## Recent Financial Performance

Unit : KRW 1 billion

Category	FY16	FY17	FY18
Net Operating Revenue	336.2	336.8	413.9
WM	27.3	22.8	27.7
Brokerage	146.2	153.2	195.6
Trading	9.4	32.4	51.1
IB	28.8	16.2	29.1
Interest Income	64.4	63.5	69.2
Others	60.1	48.8	41.4
Selling and administrative expenses	310.7	283.9	286.4
Salaries and employee benefits	173.0	153.1	162.2
General administrative expenses	297.7	130.8	124.1
Operating income	25.4	52.9	127.6
Non-operating income and expenses	7.3	20.1	18.3
Daishin Securities	32.7	73.0	145.9
Daishin F&I	70.7	69.7	41.9
Daishin Savings Bank	17.1	32.5	33.7
Daishin Asset Management	-4.7	3.2	0.2
Miscellaneous / adjustments	-29.7	-27.1	-31.4
Income before tax, consolidated	86.1	151.3	190.3
Net income, consolidated	74.0	115.9	140.7

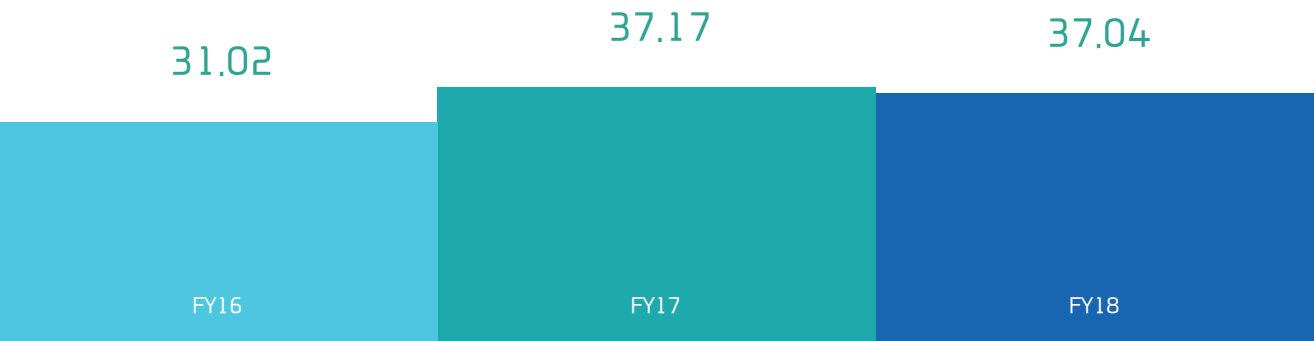
2018 Review

In 2018, the financial investment industry grew bigger and competition intensified. Notwithstanding the difficult environment, Daishin Securities saw its WM business take a leap forward as our own product and service value chain, which we continuously built over the years, began to produce results in earnest. With a focus on funds/trust, our retail financial instruments increased by more than KRW2 trillion over the previous year and exceeded KRW11 trillion, and WM revenue increased and revenue stability also rose. It was definitely a meaningful year.

Among them, the alternative investment products, which Daishin Financial Group introduced to customers in 2017, played the most important role. The alternative investment products are ones that can effectively respond to market variability. In 2018, we expanded our competitive lineups, such as high-profit-seeking overseas investment products and more available open-competition products, and our sales doubled YoY to KRW1 trillion, and customers were highly satisfied. Also, we reinforced the competitiveness of those products for which customized asset management is possible, e.g. trust and wrap accounts, and revenue from these products greatly increased. ‘Daishin Business Class,’ a regular seminar for corporate customers and excellent customers, and ‘Daishin Client Management,’ an integrated data-based customer management system, enabled us to build an effective customer management system. Also, as we trained the best PB financial practitioners and provided HNW tax/real estate consulting service, we are now able to provide customized solutions to meet the core needs of high net worth customers.

Total Retail Client Assets

Unit : KRW 1 trillion



Goals and strategies of 2019

The goal of the WM Group for 2019 is ‘to increase financial assets by KRW2.5 trillion, financial assets by more than KRW100 million and customers by 2,500.’ To this end, we are going to drive the following strategies.

First, we will reinforce product competitiveness with a focus on alternative investment products. We are planning to leverage our overseas networks in the US, Japan and Singapore, to supply overseas investment products in earnest. Also, we will reinforce the competitiveness of bond products, which are the underlying products of asset management. We will expand our WM customer base and further stabilize the asset portfolios of customers by providing differentiated products that can effectively respond to various customer needs.

Second, we will provide best-in-industry family office service. To help the WM business take a big step forward, we will expand our sales to include UHNW (Ultra High Net Worth) customers, and provide end-to-end financial services ranging from succession to family business, gift and management of corporate funds so that the children of such customers will become our customers in the future. For synergies with the Nine One Hannam Project which was carried out by Daishin Financial Group, we will provide family office service unique to Daishin Securities by expanding contact points with UHNW customers and providing VVIP asset management service in time for the move-in of Nine One Hannam residents.

Lastly, we will continuously grow with customers. We will continually train financial practitioners, who are the core of HNW customer management, and provide best data-based asset management solutions to continue our sincere customer management. As a result, we will be there for our customers as ‘a lifetime asset management partner trusted by our customers.’

Retail Customer Deposit Assets

Unit : KRW 1 trillion

Category		FY16	FY17	FY18
Entrusted Assets		23.14	28.45	25.67
Financial Assets	Fund	1.60	2.51	3.73
	Trust	0.23	0.52	1.83
	Wrap	0.73	0.88	0.81
	Bond / ABSTB	1.42	1.31	1.18
	RP / CMA	2.64	2.50	2.54
	ELS	0.52	0.31	0.29
	Pension fund	0.58	0.70	0.85
Bancassurance		0.13	0.14	0.13
Total		7.87	8.86	11.37
Total Assets		31.02	37.17	37.04

Retail WM Revenue

Unit : KRW 100 million

Category		FY16	FY17	FY18
Fund		111	148	169
Trust		9	9	19
Wrap		16	20	25
Bond / ABSTB		26	25	20
RP / CMA		22	20	17
ELS		12	15	9
Pension fund		29	27	33
Bancassurance		4	4	2
Total		229	267	294

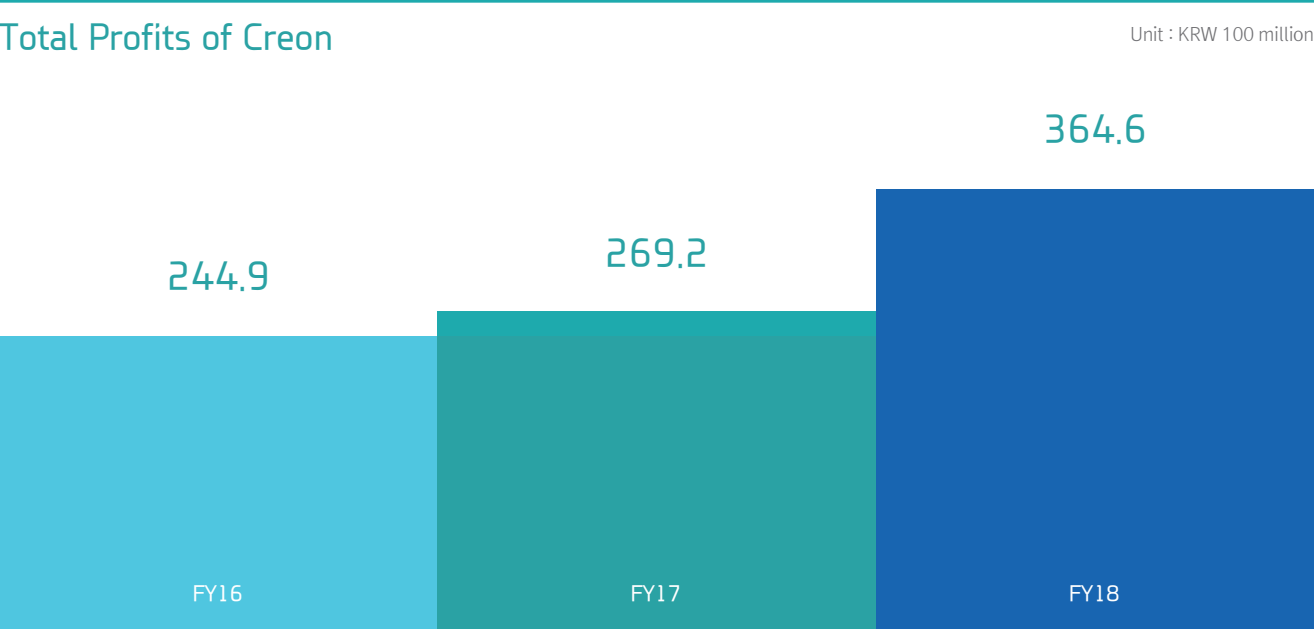
# Smart Biz Group

The Smart Biz Group is in charge of the online business of ‘Creon,’ the online brand of Daishin Securities and its branches. The Smart Biz Group is providing the best financial services for all online customers of Daishin Securities.

The Smart Biz Group plays a pivotal role when Daishin Securities plays a leading role in online securities service, and through diversification of profits, Creon’s operating revenue in 2018 increased by 36% QoQ. It is producing tangible results not only in the domestic stock division, but also in the overseas stock division, which is emerging as a future growth engine.

Robo advisor products are performing the best in the industry, and they are rated as having contributed to increasing the profits of customers through stability and low fees.

Creon			
Unit : KRW 100 million			
Category	FY16	FY17	FY18
Entrusted Assets	118.6	122.9	160.4
Product	0.9	1.1	1.0
Interest	125.4	145.2	203.2
Total Profit	244.9	269.2	364.6



# Customer Asset Management Group

**Product Planning Department**  
The Product Planning Department plans funds based on various assets and supports sales to uphold the essence of WM, i.e. ‘protecting, enlarging, using, and saving customers’ assets.’ To meet the needs of HNW customers who seek mid-risk and mid-return, we launched alternative investment products related to real estate differentiated from traditional investments, and sold more than KRW500 million in 2017, and KRW1 trillion in 2018. In the rapid changes of the international situation due to the U.S.–China hegemonic competition and economic recession, in 2019, we are going to launch products focused on risk management with ‘safety’ as the main focal point.

**Wrap Business Department**  
The Wrap Business Department, entrusted by investors with investment judgment about financial investment products, lets individual investors manage customer assets at their own discretion. We use various assets like stocks, bonds, funds, ETF and MMW to provide customized asset management service, and we are managing customer assets worth as much as KRW6.5 trillion. As market variability is expected to increase in 2019, we are planning to use bonds to increase asset stability, and make sure that customers’ assets will increase despite market changes through asset management service using Robo Advisor.

**Trust Business Department**  
Trust is a financial service that is used as a core means of WM in advanced countries like the US and the UK, e.g. management of family assets, gifts and inheritance. The Trust Business Department is in charge of trust business, and managing not only domestic financial instruments, but also expanded product groups that can be incorporated into the deposits, dollar savings and dollar swap of banks and savings banks that securities companies could not handle. Also, to provide the essential function, i.e. WM service, we are actively providing the profit gift trust service for all family members of customers as well as the customers themselves, and we also introduced the Will Substitute Trust. [Total amount in trust] approx. KRW8.5 trillion (wholesale, approx. KRW6.6 trillion, and retail, approx. KRW1.9 trillion) as of February 28, 2019

**Pension Business Center**  
The Pension Business Center is providing services related to retirement pension (DB, DC and IRP) and personal pension (pension savings). To help customers build their economic foundation after retirement, we have asset management solutions suited to their lifecycles, and we are striving to increase the value of our pension business by providing differentiated consulting service that can satisfy the needs of both workers and users.

After Deduction of Financial Instrument Assets			
Unit : KRW 1 trillion (As of February 28, 2019)			
Category	Wholesale	Retail	Total
Total amount in trust	6.6	1.9	8.5
Total amount in fund	5.5	4.3	9.8
Wrap Account	4.4	2.1	6.5

Pension Assets (appraised value)			
Unit : KRW 100 million			
Category	FY16	FY17	FY18
Retirement pension	5,774	6,826	8,582
Personal pension	806	956	1,020
Total	6,580	7,782	9,602

# Solution & Product Group

## Market Solution Division

### Global Derivatives Department

The Global Derivatives Department is using derivatives traded in the global derivatives market, such as overseas indexes, interest rates, currencies, energy, nonferrous metals and precious metals, to provide hedge solutions to customers. In particular, we are leveraging its expertise in the market to play a leading role in steel, coal and petrochemical sector, coal and petrochemicals In 2019, we will remain a market leader by developing solutions that meet the new hedge needs in the existing market. Also, we will continue to play a role of a solution provider that meets customer needs by developing various derivatives, such as CFD, ETF options and certified emission reduction brokerage.

### Institutional Sales Department

The Institutional Sales Department is conducting stock sales and stock lending brokerage for institutional investors. Key customers are major pension funds, insurance companies and asset management companies. We organized three teams for each customer, which contributes to active participation in and development of the market by providing efficient and professional service.

Also, we are generating revenue by providing domestic and overseas stock lending brokerage service to securities companies, asset management companies and hedge funds. In 2019, we will provide more specialized services through close collaboration with related divisions, such as the IB Division and Research & Strategy Division in Daishin Securities.

### Foreign Investment Business Department

The Foreign Investment Business Department is providing securities brokerage service for domestic and overseas institutional investors. It is providing brokerage service, such as overseas ETF circulated in the global market and stocks and foreign bonds for domestic institutional investors and professional investors, and domestic stock brokerage service for offshore investors. In 2019, the Foreign Investment Business Department is planning to take advantage of its long-standing trading experience and various local partnerships to provide differentiated services for customers. Also, we will implement the industry's best trading platform in the continuously growing overseas investment market.

## Product Division

In 2019, market variability is expected to increase due to an interest rate increase and fear of economic recession in advanced countries including the US. Also, it is forecast that competition in the domestic and overseas financial market will get tougher and regulation on risk management will be reinforced. Accordingly, the Product Division is establishing strategies to supply safer and more profitable products to customers. We are going to introduce products unique to Daishin by stably supplying products linked to conventional stocks/interest rate/credit/foreign currencies, and diversifying investment assets, e.g. foreign alternative products, Fintech and raw materials.

### Management Division

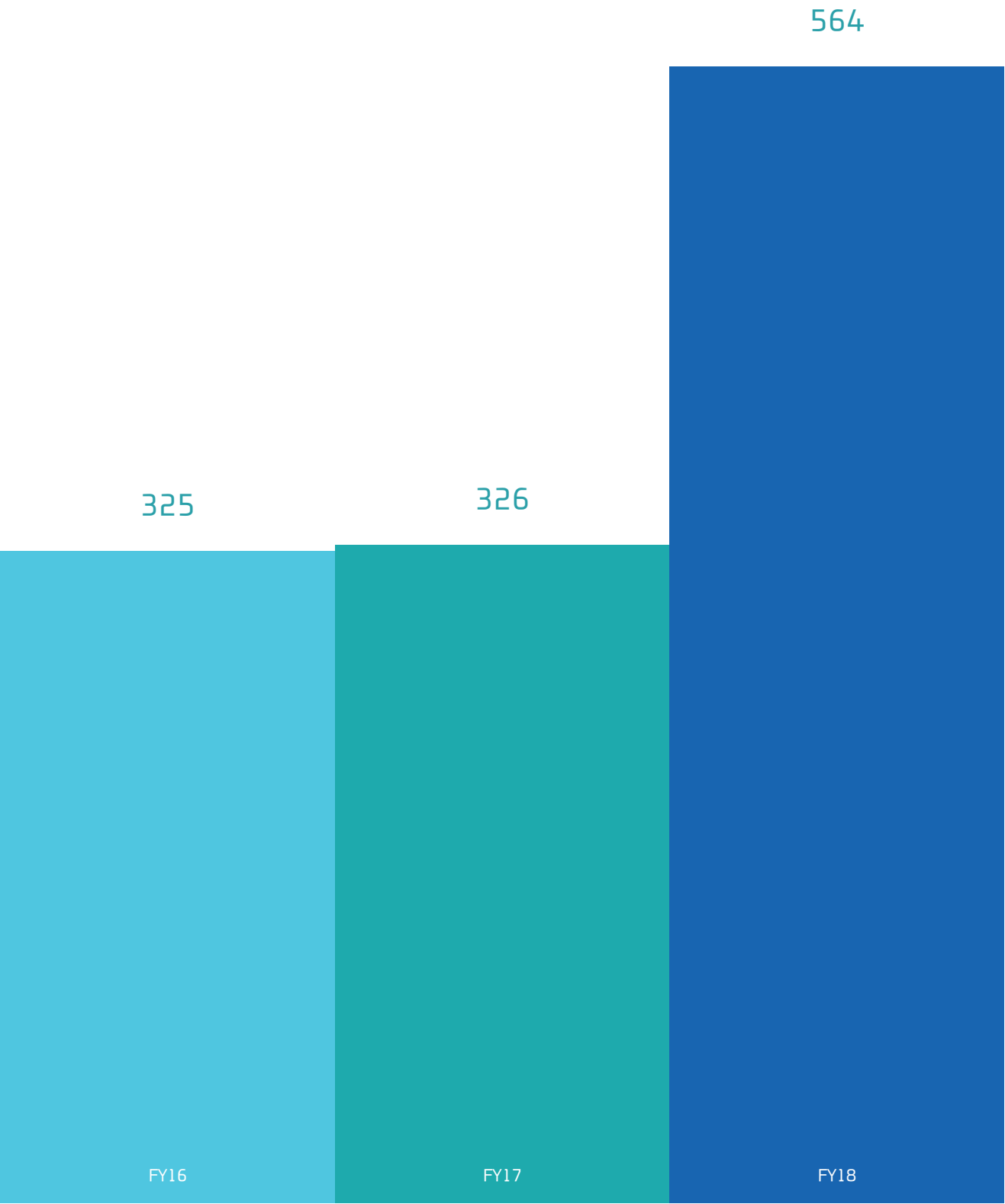
The Management Division believes that global political issues (US-China trade war, Brexit, etc.) and the increasing uncertainty of the global economy (deflationary measures at home and abroad) will increase market variability. We will manage risks through conservative management and stably generate profits.

### Sales Division

The Sales Division is making efforts to reinforce sales competitiveness and stably supply products through synergies with the Management Division. To meet the needs of domestic and overseas individual/corporate customers, we are providing financial investment products like bonds, derivatives-linked securities and various solutions like wrap/trust. Also, to reinforce competitiveness when overseas alternative investment products are on the rise, we are also seeking to expand networks with overseas asset management companies. Through close cooperation with related departments, we will gain competitiveness to lead the market, and provide values unique to Daishin for our customers through various product solutions.

## Total Operating Revenue of S&P Group

Unit : KRW 100 million



# Investment Banking Group

## IB Division

### Coverage Department

The Coverage Department provides solutions related to corporate funds. It oversees the acquisition, mediation, recruiting and sale of publicly and privately placed corporate bonds for large corporations and enterprises of middle standing, and identifies the IB-related needs of large corporations and makes proposals and cooperates with the department in charge. We provided consultation on Hyosung Group’s conversion to a holding company, and served as the lead manager for Hyosung Advanced Materials and Suheung, and participated in the underwriting group for Lotte Group, GS Group, Hyundai Development Company, POSCO Daewoo, CJ Logistics and Hite Jinro. In 2019, we will expand and reinforce coverage of the primary bond market through more active sales activities.

### ECM Department

The ECM Department is responsible for raising funds for listed companies, such as. 1) paid-in capital increase and capital increase without consideration, and issuance of equity-linked bonds, 2) consultation related to restructuring, like mergers and splits. As for stock issuance, we were recently involved in a paid-in capital increase acquisition worth KRW99.9 billion for KMW, Galaxia Communications, Wonik, Taihan Fiberoptics and a best effort offer worth KRW997.4 billion for BGF and APS Holdings, and managed the issuance of stock-linked bonds and privately placed corporate bonds worth KRW245.5 billion. Also, in June 2018, as a general partner of a new technology financial investment association, we put together Daishin New Technology Investment Fund No. 1 and invested in Innox Advanced Materials privately placed CB (KRW50 billion). In 2019, we are planning to actively engage in sales activities with an emphasis on companies with a high level of stability and growth potential.

### IPO Department

The IPO Department is responsible for 1) identifying excellent unlisted companies, and listing them on the securities market, such as the KOSDAQ and KONEX markets, 2) consultation about corporate financing, such as split re-listing and SPAC merger and listing, and 3) serving as a nominated adviser for KONEX-listed companies. In 2018, we managed the IPO for 11 companies, including Aekyung Co., Ltd., t-way Air, SG, Ecomaister, M Corset, APTC, GTG Wellness, design and Namhwa Industrial Co., Ltd., and completed the listing of 3 new SPACs. Also, as we are working as a nominated adviser for four LONEX-listed companies, we were ranked No. 1 on the IPO League Table in terms of number of cases, and No. 2 in amount. In 2019, we will help unlisted companies raise funds by being listed on the Korea Exchange, help outstanding unlisted companies raise funds, and maintain the IPO League Table TOP Tier.

### Advisory Department

The Advisory Department is in charge of 1) M&A arrangement and counseling, fund-raising, e.g. M&A-related acquisition financing, 2) restructuring, improvement of corporate governance, and 3) consultation about the improvement of the financial structure related to securing stocks & cash liquidity. We will continuously provide more IB financial solutions and financial advice so that domestic corporate customers can accomplish their business goals.

## PF Division

### PF Department

The PF Department is responsible for financial consultation and loans, and structured finance related to domestic and overseas project financing. In 2018, we conducted various kinds of project financing business, e.g. participation in sale-type products (apartments, officetels, shopping malls, knowledge industry centers, etc.) and lease-type products (offices, logistics centers, etc.), and sales income securitization. Also, among the projects we participated in, we are providing various investment opportunities for retail customers who want alternative investment by supplying real estate financial instruments related to sites whose business risks (initial sales rate, etc.) are considerably hedged. In 2019, we are planning to build a stable revenue structure by diversifying portfolios, e.g. equity investment in projects with excellent feasibility and domestic and overseas real estate investment as well as existing project financing (PF).

### Alternative Investment Department

It is responsible for the acquisition of domestic and overseas alternative investment assets, financial consultation, financial arrangement and identification of structured products excluding traditional investment assets, such as stocks and bonds. To find alternative investment assets, such as real estate, we are building a close network with infrastructure and aircraft, global IB, domestic and overseas asset management companies and hedge funds, and leveraging our know-how based on our experience in various investment structures, e.g. direct acquisition of real assets, transfer of stocks and investment in joint ventures, to provide sound investment products for customers. Recently, we acquired real estate assets in key European gateway cities in which investors are highly interested, including London, Paris and Berlin, and the Mezzanine Loan products of landmark real estate owned by prime sponsors in the Americas. Also, we are planning to continuously find alternative investment asset structured products so that we can provide various investment portfolios by structuralizing the alternative investment products we acquired, and supplying investment products not only to institutional investors, but also our HNW (High Net Worth) customers.

Selling & Administrative Expenses			
Unit : KRW 1 billion			
Category	FY16	FY17	FY18
Salaries and Employee Benefits <sup>1)</sup>	172.7	157.2	162.2
Electronic Data Process Expenses	23.6	25.0	26.4
Rents	11.7	8.0	8.5
Commissions Paid	32.5	27.0	25.3
Advertising Expenses	12.3	7.1	6.4
Depreciation and Amortization	14.3	20.2	20.4
Other <sup>2)</sup>	42.1	39.4	37.3
Total	309.2	283.9	286.6

1) Salaries and Employee Benefits = Salary + Severance Pay + Early Retirement Allowance + Fringe Benefit Expenses

2) Other = Entertainment Expenses + Training Expenses + Taxes and Duties + Commissions + Other Expenses

Tangible Assets and Investment Properties		
Unit : KRW 1 billion		
Tangible Assets	Investment Properties	Total
Land for Business	Land	
Buildings for Business	Buildings	
Accumulated Depreciation (Building)	(Accumulated Depreciation)	
Assets Under Construction		
Total	Total	
Total		1,475.9
Total Tangible Assets	Total Investment Properties	1,181.4

# Risk Management

## Organizational Structure of Risk Management

### Risk Management Committee (RMC)

It consists of 3 registered directors, including the CEO and two outside directors (the chairperson will be appointed from among outside directors by the resolution of the committee). It reviews and resolves establishment of the basic direction and strategies of risk management, determination of the risk level that we can bear, approval of the appropriate investment limit and allowable loss limit, establishment and revision of risk management standards.

### Risk Management Execution Committee (RMEC)

It consists of the risk management director (chairperson) and executive officers, and it is responsible for approving risk limits for the management strategy of each department, operating and managing the risk management system, enhancing credit, approving PI investment, establishing crisis response plans and approving stress test scenarios.

### Investment Review Committee (IRC)

It consists of the head of the risk management department (chairperson) and heads of business departments. It reviews matters concerning the adequacy of investment, things that the company must consider in relation to investment, and various risks like credit risk, liquidity risk and legal risk.

### Retail Product Risk Review Committee

It consists of the risk management director (chairperson) and heads of business departments. It reviews laws about risks of financial instruments sold as retail and protection of investors, and salability from the viewpoint of marketing.

### OTC Derivatives Review Committee

It consists of the head of the Product Division (chairperson) and heads of business departments. It reviews the appropriateness of OTC derivatives trading, and adequacy of the risk management policy related to OTC derivatives.

### Fair Value Assessment Committee (FVAC)

It consists of the head of the risk management department (chairperson) and heads of business departments. It approves and changes the derivatives pricing model.

## Net Capital Ratio (NCR)

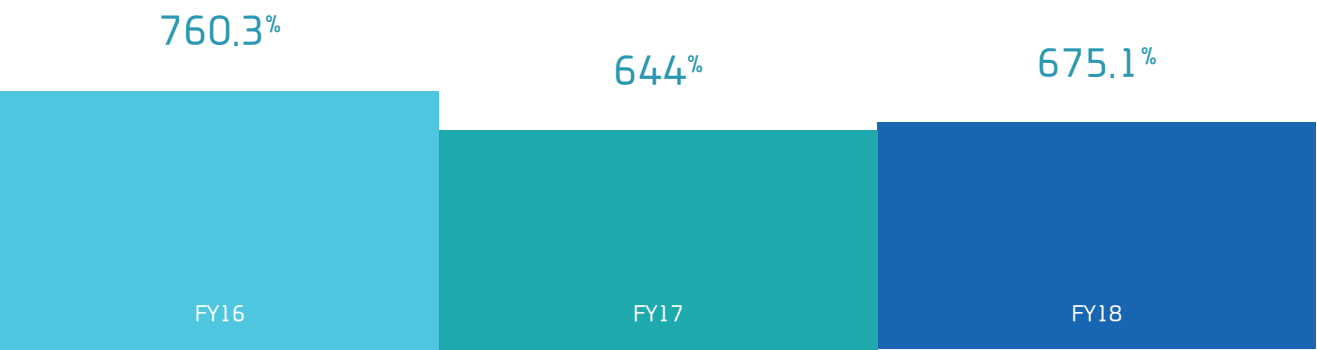
Unit : KRW 100 million

Category		FY16	FY17	FY18
NCR	Separate	399.6%	376.6%	482.4%
	Consolidated	423.8%	397.6%	485.3%
Net Operating Capital	Separate	7,445	6,959	9,022
	Consolidated	7,783	7,267	9,097
Surplus Capital	Separate	5,371	5,065	6,483
	Consolidated	5,696	5,343	6,522

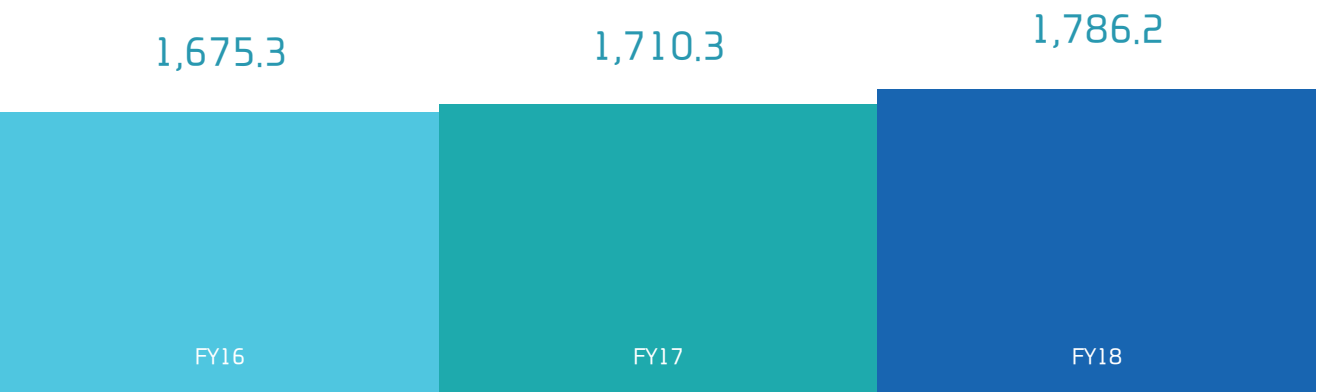
The net capital ratio, newly introduced in 2016, is calculated by dividing surplus capital by the total shareholders' equity necessary for each business unit. The surplus capital is the amount obtained by subtracting the total risk-weighted asset, which is the predicted loss amount of the Sales Division, from the net operating capital, the immediately cashable amount of total shareholders' equity. In 2018, the net capital ratio was 485.3% according to consolidated financial statements, and 482.4% according to individual financial statements.

## Leverage Ratio

Unit : KRW 1 billion



Leverage Ratio



Adjustment Equity Ratio

The leverage ratio is obtained by dividing total assets minus investor's deposit, receivables for proprietary trading and reserve for bad debts by adjusted capital. In 2018, the leverage ratio was 675.1%, up 31.1%p QoQ.

## 2019 Risk Management Method

In 2019, it is expected that the uncertainty of domestic and overseas economies and volatility in the financial market will increase, the yield of traditional assets will decline and management of financial soundness of alternative investments, e.g. real estate, rather than stocks and bonds, will become more important due to avoidance of risky assets. To this end, we will focus on risk management-centered investment and product supply, efficient distribution of resources, and proactive response.

# Daishin F&I

The total investment amount of Daishin F&I in 2018 was about KRW1.0981 trillion, and out of it, we invested KRW701.8 billion in NPL, one of our major sources of revenue. Its market share in terms of investment amounts is 17.3%, second to UAMCO, which accounted for 44.4%, in the NPL industry. Besides NPL, Daishin F&I is diversifying its investment portfolio through investment activities based on alternative investment like real estate finance and stable assets. As of 2018, its total assets were worth KRW3,357.7 billion, and its pre-tax profit was KRW41.9 billion, and the ROE was 6.9%, and the ROA was 1.0%.

In 2019, we will make continued efforts to secure the foundation for stable growth as a total investment company by 1) efficiently distributing investments with focus on stability, 2) reinforcing risk management with focus on recovery and financial stability, and 3) continuously creating group synergies.

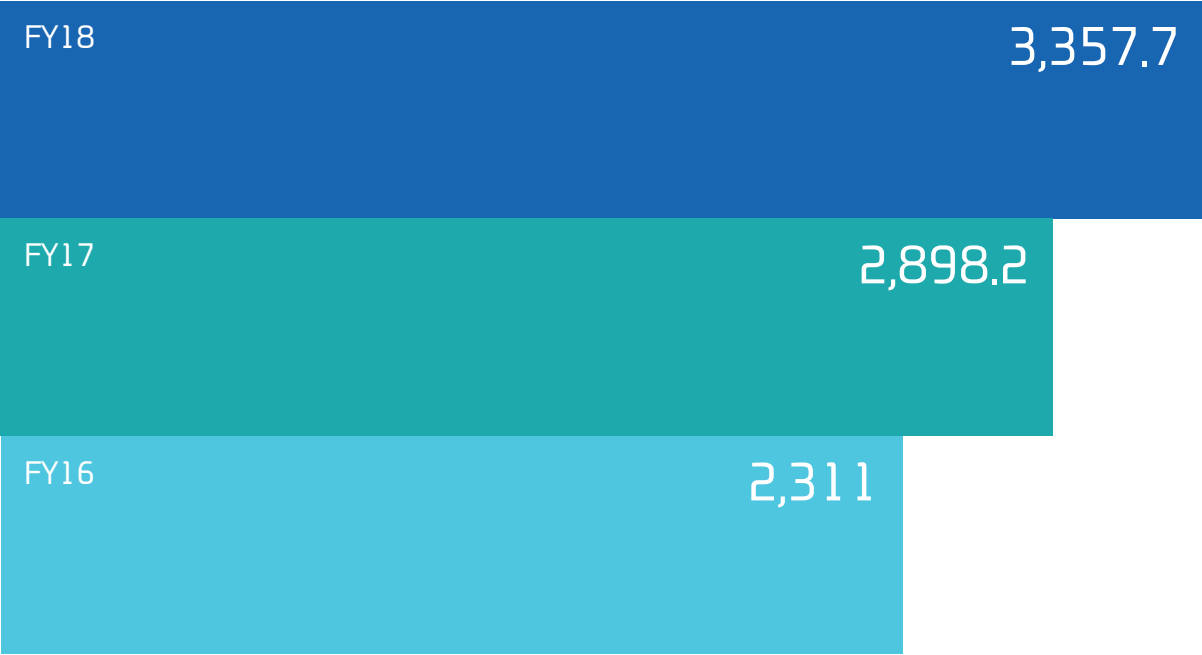
## Company Overview

Daishin F&I is Korea’s first NPL (Non Performing Loan) investment company. It is the industry leader with best competitiveness. The main business areas of F&I are acquisition and disposal of asset-backed securities that a special purpose company pursuant to the Asset-backed Securitization Act issues with NPL being the securitized assets, and investing in collective investment schemes pursuant to the Financial Investment Services and Capital Markets Act and Corporate Restructuring Associations pursuant to the Industrial Development Act, other securities, bonds or similar financial assets.

Business Type	Other Financial Intermediation (acquisition and disposal of ABS, etc.)
Business Area	NPL
Date of launch	May 7, 2014
Number of Employees	44
Head Office Address	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in Capital	KRW 70 billion
Total Shareholders’ Equity	KRW 450.5 billion
Total Assets	KRW 3.3577 trillion

## Total Assets

Unit : KRW 1 billion



## Net Income before Tax in 2018

## Total Investment

419

Unit : KRW 100 million

1,098.1

Unit : KRW 1 billion

Category	FY16	FY17	FY18	Unit : KRW 100 million
Net Income before Tax	707	697	419	
Return on Equity (ROE)	13.6%	12.6%	6.9%	



# Daishin Savings Bank

In 2018, Daishin Savings Bank stably generated revenue by expanding its business with focus on high efficiency and optimizing the risk response system. Its total loans increased by 7.3% over the previous year to KRW1,428.2 billion, and its net income before tax increased by 3.7% over the previous year to KRW33.7 billion. Also, thanks to the optimized risk response system, its NPL ratio was improved by 0.4%p over the previous year to 3.85%.

In 2019, Daishin Savings Bank will make continue efforts to become the ‘industry leader’ that will lead future trends based on stable generation of revenue. In addition to the fitness strategy, i.e. increasing the productivity of the organization and reinforcing risk management, we will grow by reinforcing special services, including unique business linked to the group and mobile service.

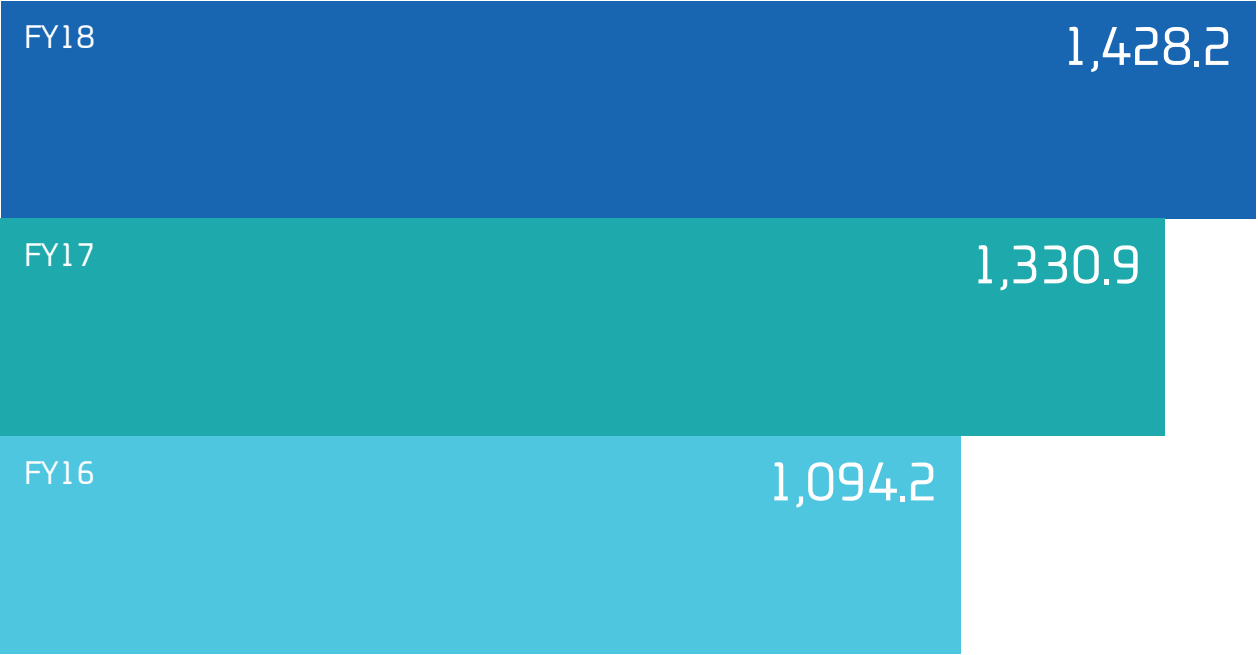
## Company Overview

Daishin Savings Bank was created in August 2011 when Daishin Securities contributed 100% in moving the property debt of Central Busan, Busan2, and Domin Savings Bank. Daishin Savings Bank is a regional financial institution that has a total of 8 business networks in the Seoul, Gangwon, and Busan regions. It is enjoying a stable growth rate through a strengthening of financial professionalism and establishing synergy within the group. In 2018, Daishin Savings Bank laid down the foundation for becoming the industry leader leading future trends by expanding its business with focus on high efficiency and optimizing the risk response system. Also, we have reacted flexibly to the quickly changing global market by launching the first mobile fingerprint authentication service in the market, discovering Fin Tech-based business models among other such achievements.

Business Type	Mutual savings banking
Business Area	Savings/deposits, loans, etc.
Date of launch	August 5, 2011
Number of Employees	178
Head Office Address	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Network	8 (head office business center, Seoul (3 branches), Gangwon(1), Busan(3))
Paid-in Capital	KRW 35.6 billion
Total Shareholders’ Equity	KRW 193.1 billion
Total Assets	KRW 1.6202 trillion

## Total Loans

Unit : KRW 1 billion



## Net Income before Tax in 2018

337

Unit : KRW 100 million

## Sbl Ratio in 2018

3.9%

Unit : %

Category	FY16	FY17	FY18
Unit : KRW 100 million			
Total Loans (Unit : KRW 1 billion)	1,094.2	1,330.9	1,428.2
Net Income Before Tax	171	325	337
Sbl Ratio	7.2%	4.3%	3.9%



# Daishin Asset Management

### Key achievements of 2018 and evaluation

Through collaboration with the affiliates of Daishin Financial Group, we launched real estate financial investments worth KRW833.5 billion, such as ‘Daishin Heim Hedge Fund Privately Placed Securities Investment Trust.’ Passive funds, including the index fund which was ranked No. 1 in relative yields as it did the previous year, grew remarkably, that is, they increased by KRW1.61 trillion (168.1%) YoY. Based on these achievements, its assets under management increased by KRW1.803 trillion (+55.7%) from KRW3.239 trillion at the end of 2017 to KRW5.043 trillion at the end of 2018.

### Goals and strategies of 2019

We believe that interest-rate products and passive products will be preferred due to fear of global economic recession this year as well. Accordingly, we are planning to continuously increase the supply of real estate financial instruments as we did last year, and launch various real estate products that meet customer needs, such as physical real estate and overseas real estate. In addition, we will continue to grow with a focus on alternative investment and passive products by gradually increasing the size of passive financial instruments, including index funds proven by generating the top yields in the market, and creating a stable revenue structure. We will grow into a total asset management company, and reduce costs by improving the efficiency of the organization and stabilizing management by controlling risks, and allow the profit structure to take firm root in the organization. Also, we will practice ethical management and win the trust of customers by thoroughly complying with our management philosophy and principles.

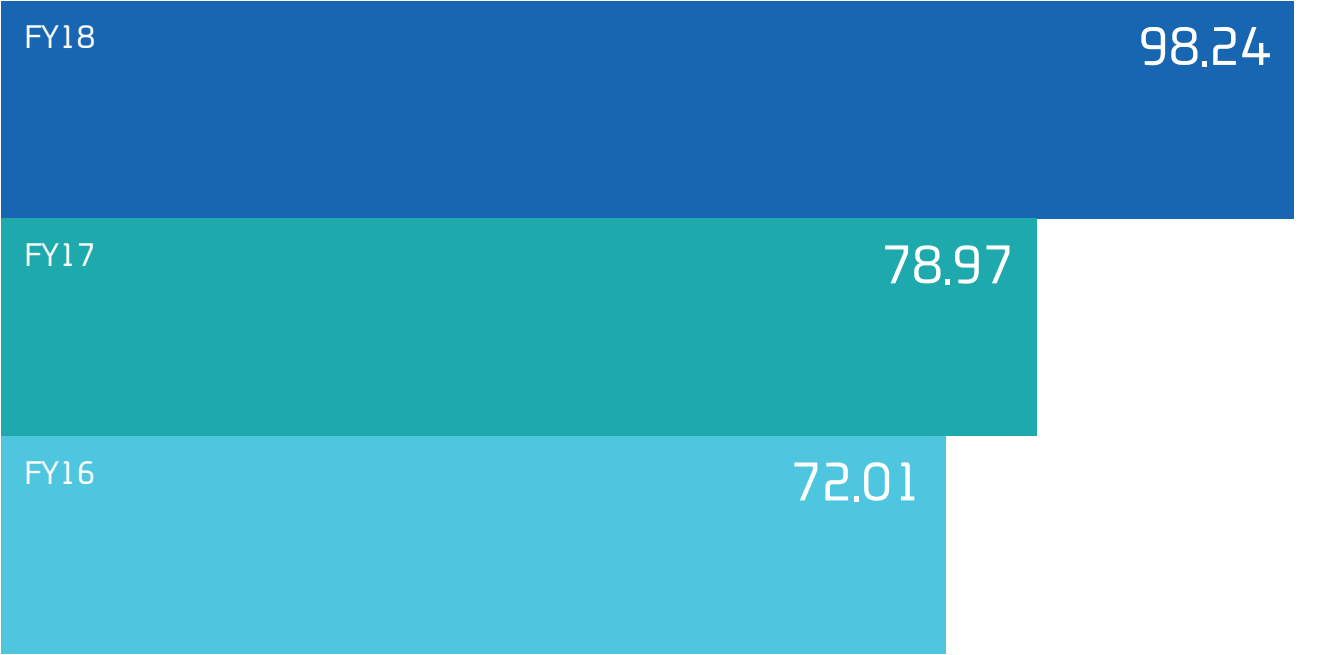
## Company Overview

Daishin Asset Management is a comprehensive asset management business that was established in March 1988 by Daishin Securities. It was initially established as Daishin Investment Consulting Corporation. In 1996, the corporate name changed to Daishin Investment & Trust Corporation and stock-type investment & trust tasks commenced. In May 2010, the corporate name changed to Daishin Asset Management. On March 2013, it merged with a creative investor to also carry out discretionary investment and consultant tasks.

Business Type	Asset management business
Business Area	Investment trading, Investment brokerage, Collective investment, Investment advisory, Discretionary Investment management and privately placed collective investment
Date of Establishment	March 24, 1988
Number of Employees	57
Head Office Address	China Construction Bank Tower, 24 Myeong-dong 11-gil, Jung-gu, Seoul
Paid-in Capital	KRW 29.0 billion
Total Shareholders’ Equity	KRW 33.7 billion
Total Assets	KRW 35.2 billion

## Operating Revenue

Unit : KRW 100 million



### Operating Expenses of 2018

### Profit or Loss of 2018

96.17

Unit : KRW 100 million

3.18

Unit : KRW 100 million

Category	FY16	FY17	FY18
Unit : KRW 100 million			
Operating Revenue	72.01	78.97	98.24
Operating Cost	104.74	91.50	96.17
Net Profit	-39.48	36.42	3.18

# Daishin Private Equity

Daishin PE will reinforce Growth Capital and small and medium-sized buyout investment competency to make preparations for taking a leap forward toward becoming a Tier1 PEF management company. We will generate track records through excellent investments and recovery to invest growth capital in companies with high growth potential, selectively participate in small and medium-sized buyout investment opportunities, organize sizable project funds, and create mid-cap blind funds to the tune of KRW300 billion.

## Company Overview

Daishin Private Equity was established as part of a new strategy on August, 2014 and has continued to demonstrate fast growth. Not only are we expanding our investment areas through original growth capital and mezzanine investments, but we are also expanding our secondary, co-investment, and buyout investment. Our continuous enlargement of current assets has been recognized in the market. We are currently implementing 5 private equity funds by receiving investments from the National Pension System, KDB, industrial insurance fund, TP, MMAA, POBA, and SEMA. Our total current assets stand at KRW 779.5 billion. We pursue long-term and continuous progress rather than short-term progress, and will give our all so that our investments in growing firms will be a positive influence on both the company and society.

Business Type	Private Equity Fund
Business Area	Private Equity Fund Management
Date of Establishment	September 27, 2012
Number of Employees	10
Head Office Address	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in Capital	KRW 10.0 billion
Total Shareholders' Equity	KRW 10.7 billion
Total Assets	KRW 11.0 billion

# Daishin Economic Research Institute

In 2018, Daishin Governance Research Institute was selected as the fee-charging advisory organ for 14 institutional investors, and we analyzed agendas, established stewardship codes, prepared reports on shareholder activities and conducted ESG evaluation. In addition, we diversified reports, e.g. ESG Weekly, conglomerates governance report, and reports on precedents and legislation trends. Also, we sophisticated systems, e.g. biographic information, and secured the 10-year unstructured data of the executives of listed companies and turned it into a profitable business, and built a system capable of multilateral analysis by implementing various statistics related to agenda analysis, e.g. the dividend model. We are concentrating on expanding our market influence by participating in the TFT of governance-related authorities and giving panel presentations at various forums. Based on these achievements, we are working hard to increase consulting contracts and improve quality in 2019.

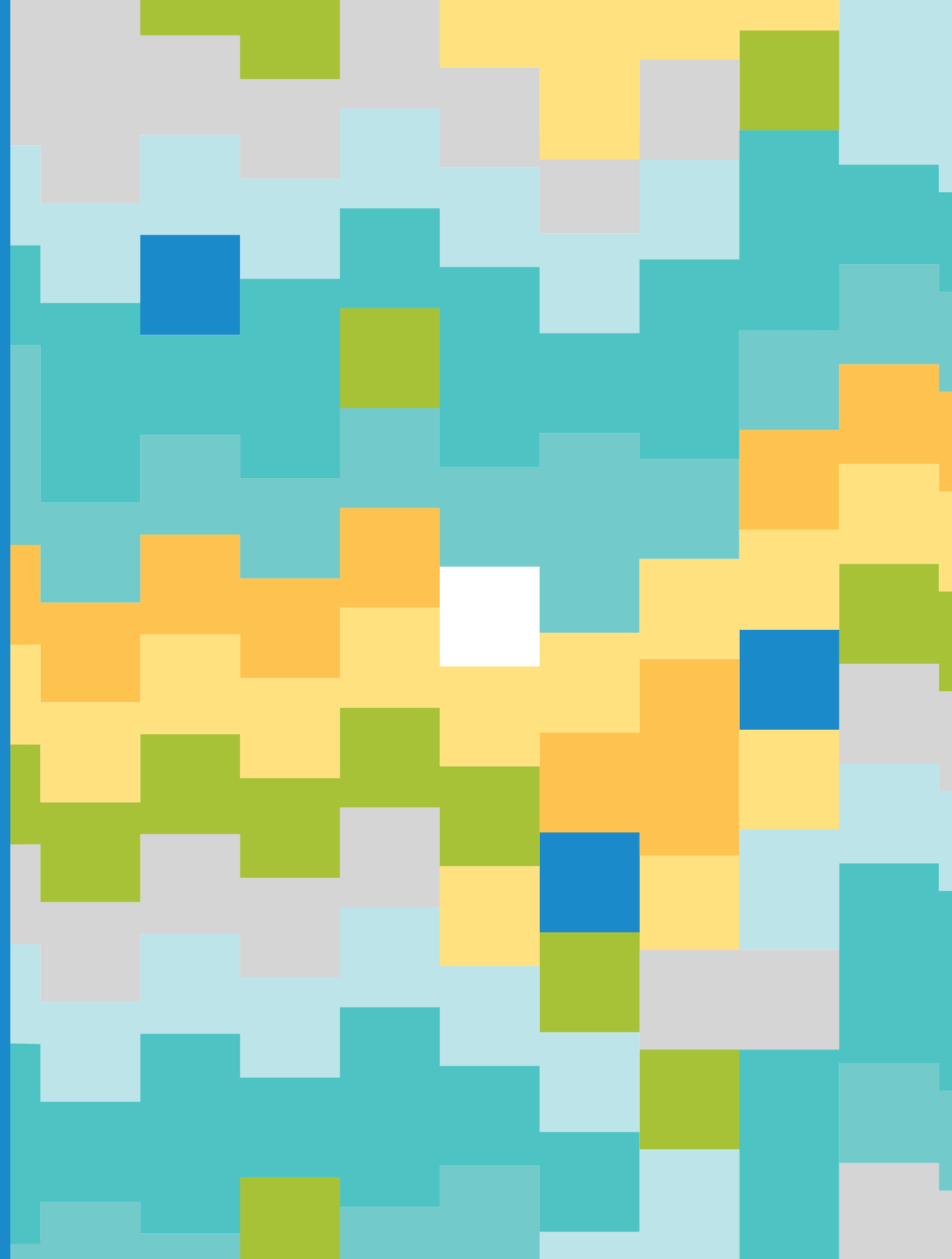
As the 3rd robo advisor model passed the Financial Services Commission testbed following the 1st and 2nd ones, Daishin Financial Engineering Research Institute further expanded and improved its investment model lineup. We entered into contracts with the investment trading divisions of external financial institutions for portfolio provision and consulting service, and confirmed the possibility for diversifying the external business of the research institute. We upgraded the financial instruments sales support system (PAS) and the stock recommendation system (Insightor), which we have operated for a few years, in an effort to increase customer service. Also, we will enhance the performance of the data-based AI investment model and actively utilize it when launching new robo advisor products. We are planning to concentrate on reinforcing the infrastructure for implementing domestic and overseas financial big data and developing investment models for global investment. We will develop the current investment support system as a mobile app, and increase user accessibility and convenience.

## Company Overview

Daishin Economic Research Institute was established in 1984 and is the only civilian laboratory inside the domestic financial market. It is composed of a corporate governance institute and financial engineering institute. Corporate governance institute boasts the nation's best institution on corporate governance research and is excellent for investigating the capital market and company reality. For the growth of both the company's value and the share values, we recommend a guide that includes voting right events during board of directors meetings and constructs appropriate corporate governance. Furthermore, using DB on professionals with great experience as board members and related corporate governance, we implement a stewardship code consultation and ESG evaluation. This allows us to search for a more comprehensive and aggressive means for board members to use their governing power. In the financial engineering institute, we apply traditional financial investment theories with the latest engineering methods to create diverse investment algorithms. This is due to the latest changes in investment methods due to globalization and an increased demand for accurate and safe investment methods/ models centered around reducing trade risks. Also, we apply accumulated research to our system to present a consulting service with innovative investment solutions.

Business Type	Business consulting, Academic and Research service, Development of various investment solutions, Consultation about exercising voting rights at the general meeting of shareholders and Agenda analysis DB provision and ESG data service
Business Area	Research on governance / Studies on financial engineering
Date of Establishment	September 17, 1984
Number of Employees	29 (as of December 31, 2018)
Head Office Address	Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea
Paid-in Capital	KRW 5.0 billion (December 31, 2018)
Total Shareholders' Equity	KRW 6.3 billion (December 31, 2018)
Total Assets	KRW 6.7 billion (December 31, 2018)

# 03. Financial Report



# Audit Report on Consolidated Financial Statements

## Independent Auditor’s Report

To the Board of Directors and Shareholders  
of Daishin Securities Co., Ltd.

We audited the consolidated financial statements of Daishin Securities and its affiliates (hereinafter referred to as the “company”).  
The consolidated financial statements consist of the consolidated statement of financial position as of December 31, 2018 and December 31, 2017, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows of the two reporting periods ending on the same dates, and notes on the consolidated financial statements including the summary of significant accounting policies.

**The management’s responsibility for consolidated financial statements**

The management is responsible for preparing and fairly presenting the consolidated financial statements according to the Korean International Financial Reporting Standards, and the internal control that we determined is necessary for preparing consolidated financial statements without any important misstatement due to corruption of errors. The management is also responsible for evaluating the company’s ability to continue as a going concern when preparing consolidated financial statements, and if applicable, disclosing information related to the going concern. And unless the management intends to liquidate the company or suspend business, the management is also responsible for using the going-concern assumption of accounting.

**Auditors’ responsibility**

Our purpose is to gain a reasonable level of confidence with regard to whether the consolidated financial statements of the company do not have any important misstatements due to corruption or errors, and publish the audit report containing our opinions. Reasonable confidence means a high level of confidence, but it is not guaranteed that the audit conducted according to audit standards will always discover important misstatements. A misstatement may be caused by corruption or an error, and if it is reasonably expected that misstatements will individually or collectively affect users’ economic decision making based on the consolidated financial statements, the misstatement will be deemed to be important. As part of the audit according to audit standards, we will make professional judgments throughout the audit processes, and maintain professional skepticism.

We communicate with the governing body about the scope and time of the planned audit, and significant discoveries of the audit, such as significantly inadequate internal control identified during the audit. Also, we comply with ethical requirements related to our independence, and provide the statement that we communicate with the governing body about all relationships believed to be related to our independence, other matters, and if applicable, related institutional safety devices. Among the items we communicate with the governing body, we determine that the most significant matters during the auditing of the consolidated financial statements are the core auditing targets. Unless laws exclude them from open disclosure, or we conclude that we should not communicate them in the audit report because it is reasonably expected that the negative result of our description of them in the audit report will exceed the public benefits of the communication in a very rare case, we describe them in the audit report.

**Audit opinion**

In our opinion, the attached consolidated financial statements of the company fairly present the consolidated statement of financial position of the company as of December 31, 2018 and December 31, 2017, and the consolidated financial performance and consolidated cash flow of the two reporting periods ending on the same dates according to the Korean International Financial Reporting Standards and from the viewpoint of materiality.

March 14, 2019

100 Hangang-daero, Yongsan-gu, Seoul, Korea  
**Young-Sik Kim, CEO of Samil PwC Korea**

This report is effective as of March 14, 2019, the audit report date. Certain subsequent events of circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibilities that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# Consolidated Statements of Financial Position

## Daishin Securities Co., Ltd. And Subsidiaries

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
<b>Assets</b>			
I. Cash and bank deposits	2,127,570,263	2,043,058,817	
II. Financial assets at fair value through profit or loss	-	7,682,667,646	
1. Financial assets at fair value for trading	-	4,056,797,835	
2. Derivatives assets	-	396,754,236	
3. Financial assets designated at fair value	-	3,229,115,575	
III. Financial assets at fair value through profit or loss	8,526,290,106	-	
1. Financial assets at fair value through profit or loss	8,194,960,932	-	
2. Derivative assets	331,329,174	-	
IV. Available-for-sale financial assets	-	411,048,327	
V. Financial assets at fair value through other comprehensive income	166,865,226	-	
VI. Investments in associates	141,464,899	62,110,302	
VII. Loans and receivables	4,567,458,991	4,267,842,695	
VIII. Current tax assets	3,036,162	279,812	
IX. Property and Equipment	337,505,147	360,334,446	
X. Intangible assets	170,308,731	107,743,905	
XI. Investment property	1,378,623,580	259,910,945	
XII. Non-current assets held for sale	311,016,669	230,271,576	
XIII. Deferred tax assets	85,519,531	16,533,031	
XIV. Other assets	1,109,079,965	1,276,119,249	
XV. Inventories	226,574,974	728,918,962	
<b>Total assets</b>	<b>19,151,314,244</b>	<b>17,446,839,713</b>	
<b>Liabilities</b>			
I. Financial liabilities at fair value through profit or loss	-	4,143,682,322	
1. Derivative liabilities	-	381,460,283	
2. Financial liabilities designated at fair value	-	3,762,222,039	
II. Financial liabilities at fair value through profit or loss	4,061,866,523	-	
1. Financial liabilities at fair value through profit or loss	66,325,384	-	
2. Derivative liabilities	401,124,304	-	
3. Financial liabilities designated at fair value through profit or loss	3,594,416,835	-	
III. Deposit liabilities	2,930,839,747	3,054,136,868	
IV. Borrowings	7,660,692,225	6,509,697,692	
V. Debentures	1,253,376,672	703,456,822	
VI. Employee benefits	7,410,088	7,067,248	
VII. Provisions	15,949,670	2,862,169	
VIII. Current tax liabilities	13,373,944	8,847,788	
IX. Deferred tax liabilities	67,044,705	261,534	
X. Other liabilities	1,139,864,565	1,148,930,549	
<b>Total liabilities</b>	<b>17,150,418,139</b>	<b>15,578,942,992</b>	

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
<b>Equity</b>			
I. Equity attributable to owners of the group	1,969,186,752	1,867,728,432	
1. Capital stock	434,867,000	434,867,000	
2. Capital surplus	694,981,258	694,981,258	
3. Accumulated other comprehensive income	113,090,211	110,981,024	
4. Retained earnings	903,137,906	807,198,053	
(Accumulated reserve for bad debts)	7,278,972	6,910,460	
(Expected reserve for bad debts)	4,261,563	368,512	
5. Capital adjustments	(176,889,623)	(180,298,903)	
II. Non-controlling interests	31,709,353	168,289	
<b>Total equity</b>	<b>2,000,896,105</b>	<b>1,867,896,721</b>	
<b>Total liabilities and equity</b>	<b>19,151,314,244</b>	<b>17,446,839,713</b>	

# Consolidated Statements of Comprehensive Income

## Daishin Securities Co., Ltd. And Subsidiaries

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
I. Commissions income and expenses, net	260,464,097		211,986,630
1. Commissions income	313,284,882	253,817,564	
2. Commissions expenses	52,820,785	41,830,934	
II. Interest income and expenses, net	90,857,229		127,680,135
1. Interest income	290,446,622	286,853,449	
2. Interest expenses	199,589,393	159,173,314	
III. Gain (loss) on financial instruments at fair value through profit or loss, net	-		519,771,674
IV. Gain (loss) on financial instruments designated at fair value through profit or loss, net	-		(453,416,705)
V. Gain (loss) on financial instruments at fair value through profit or loss, net	224,342,729		-
VI. Gain (loss) on financial instruments designated at fair value through profit or loss, net	(97,974,585)		-
VII. Gains and losses on credit loss	(44,858,418)		-
VIII. Gains and losses on disposal of financial assets at amortized cost	45,210,151		-
IX. Other operating income	35,877,574		62,560,096
X. Operating revenues, net	513,918,777		468,581,830
XI. Selling and administrative expenses	355,418,981		335,618,104
1. Employee benefits expense	196,127,835	188,991,330	
2. Depreciation and amortization	22,842,632	22,222,187	
3. Other selling and administrative expenses	136,448,514	124,404,587	
XII. Operating profit and loss	158,499,796		132,963,726
XIII. Non-operating profit and loss, net	30,780,147		18,315,161
XIV. Profit and loss before income tax	189,279,943		151,278,887
XV. Income tax expense	48,555,235		35,391,160
XVI. Profit and loss for the year Total other comprehensive income for the year, net of tax (Current term: KRW 136,582 million / Previous term: KRW 115,518 million)	140,724,708		115,887,727
XVII. Other comprehensive income for the year, net of tax	5,218,237		9,833,664
1. Items that will or may be reclassified to profit or loss, net of tax	1,448,399	8,972,100	
Gains and losses on valuation of available for sale securities	-	11,426,587	
Valuation of investment in affiliates using the equity method of accounting	179,233	(260,809)	
Gains and losses on overseas operations translation	1,269,166	(2,193,678)	

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
2. Items that will not be reclassified to profit or loss, net of tax	3,769,838	861,564	
Re-measurement component of defined benefit plans	272,155	861,564	
Gains and losses on valuation of financial assets at fair value through other comprehensive income	2,948,239	-	
Gains and losses on changes in own credit risk of financial liabilities designated at fair value through profit or loss	549,444	-	
XVIII. Total comprehensive income	145,942,945		125,721,391
Profit and loss profit for the year attributable to	140,724,708		115,887,727
1. Owners of the group	140,844,121	115,886,079	
2. Non-controlling interests	(119,413)	1,648	
Other comprehensive income for the year attributable to	145,942,945		125,721,391
1. Owners of the group	146,062,358	125,718,753	
2. Non-controlling interests	(119,413)	2,638	
Earnings per share			
Basic earnings per ordinary share (unit : KRW)	1,961		1,615
Basic earnings per 1st preferred share (unit : KRW)	1,999		1,657
Basic earnings per 2nd preferred share (unit : KRW)	1,949		1,607
Diluted earnings per ordinary share (unit : KRW)	1,943		1,602
Diluted earnings per 1st preferred share (unit : KRW)	1,981		1,644
Diluted earnings per 2nd preferred share (unit : KRW)	1,931		1,594

# Consolidated Statements of Changes in Equity

## Daishin Securities Co., Ltd. And Subsidiaries

Account	Equity attributable to the shareholders of the parent company			
	Capital Stock	Capital Surplus	Accumulated Other Comprehensive income	Retained Earnings
Balance at January 1, 2017	434,867,000	694,981,258	101,148,349	731,126,696
Comprehensive income				
Profit for the year	-	-	-	115,886,079
Net changes in unrealized fair value of available-for-sale securities	-	-	11,426,587	-
Net changes in accumulated comprehensive income of investments in associates, net of tax	-	-	(260,809)	-
Gain (loss) on translations of overseas operations	-	-	(2,194,668)	-
Re-measurement component of defined benefit plan	-	-	861,564	-
Transactions with equity holders				
Cash dividends	-	-	-	(39,814,722)
Changes in treasury shares	-	-	-	-
Others	-	-	-	-
Balance at December 31, 2017	434,867,000	694,981,258	110,981,024	807,198,053
Balance at January 1, 2018	434,867,000	694,981,258	110,981,024	807,198,053
Effects of changes in the accounting policy	-	-	(3,109,050)	(687,135)
Amount after modification	434,867,000	694,981,258	107,871,974	806,510,918
Comprehensive income				
Profit for the year	-	-	-	140,844,121
Gains and losses on valuation of financial assets at fair value through other comprehensive income	-	-	2,948,239	-
Financial liabilities designated at fair value through profit or loss	-	-	549,444	-
Gains and losses on changes in own credit risk				
Net changes in accumulated comprehensive income of investments in associates, net of tax	-	-	179,233	-
Gain (loss) on translations of overseas operations	-	-	1,269,166	-
Re-measurement component of defined benefit plan	-	-	272,155	-
Transactions with equity holders				
Cash dividends	-	-	-	(44,217,133)
Changes in treasury shares	-	-	-	-
Others	-	-	-	-
Acquisition of a subsidiary	-	-	-	-
Balance at December 31, 2018	434,867,000	694,981,258	113,090,211	903,137,906

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)			
Capital Adjustments	Total	Non-controlling Interests	Total
(184,125,028)	1,777,998,275	65,651	1,778,063,926
-	115,886,079	1,648	115,887,727
-	11,426,587	990	11,427,577
-	(260,809)	-	(260,809)
-	(2,194,668)	-	(2,194,668)
-	861,564	-	861,564
-	(39,814,722)	-	(39,814,722)
2,442,327	2,442,327	-	2,442,327
1,383,798	1,383,798	100,000	1,483,798
(180,298,903)	1,867,728,432	168,289	1,867,896,721
(180,298,903)	1,867,728,432	168,289	1,867,896,721
-	(3,796,185)	-	(3,796,185)
(180,298,903)	1,863,932,247	168,289	1,864,100,536
-	140,844,121	(119,413)	140,724,708
-	2,948,239	-	2,948,239
-	549,444	-	549,444
-	179,233	-	179,233
-	1,269,166	-	1,269,166
-	272,155	-	272,155
-	(44,217,133)	-	(44,217,133)
3,560,460	3,560,460	-	3,560,460
(151,180)	(151,180)	-	(151,180)
-	-	31,660,477	31,660,477
(176,889,623)	1,969,186,752	31,709,353	2,000,896,105

# Consolidated Statements of Cash Flows

## Daishin Securities Co., Ltd. And Subsidiaries

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
I. Net cash outflow from operating activities	(1,598,084,884)		(643,615,587)
1. Consolidated net income	140,724,708	115,887,727	
2. Adjustments in expenses and revenues	(201,950,266)	(72,787,434)	
(1) Loss (gain) on financial assets held for trading, net	-	111,447,879	
(2) Net profit or loss at fair value through profit or loss	(60,818,847)	-	
(3) Loss on financial assets designated at fair value through profit or loss, net	-	19,339,621	
(4) Net profit or loss designated at fair value through profit or loss	(88,191,612)	-	
(5) Loss (gain) on derivatives	73,202,093	(67,895,502)	
(6) Net profit or loss designated at fair value through profit or loss	44,858,418	34,350,538	
(7) Depreciation and amortization	22,842,632	22,222,187	
(8) Loss (gain) on foreign currency translation, net	(2,461,079)	18,136,661	
(9) Interest income (expenses), net	(204,202,212)	(244,034,015)	
(10) Loss (gain) on disposal of available-for-sale financial assets	-	(1,934,643)	
(11) Available for sale financial assets impairment profit or loss	-	2,565,591	
(12) Gain (loss) on investments in associates and subsidiaries, net	(13,050,107)	(585,725)	
(13) Loss (gain) on disposal of property and equipment, net	61,197	109,573	
(14) Loss (gain) on intangible assets, net	22,000	58,416	
(15) Tangible assets impairment profit or loss	-	472,802	
(16) Intangible assets impairment profit or loss	(241,667)	294,074	
(17) Investment real estate impairment profit or loss	-	1,157,551	
(18) Employee benefits	4,279,664	6,967,764	
(19) Others	(1,498,535)	1,599,933	
(20) Non-current assets held for sale impairment profit or loss	10,426,964	6,198,269	
(21) Loss (gain) on non-current assets held for sale, net	(15,365,051)	(3,985,212)	
(22) Dividend income	(20,369,360)	(14,664,356)	
(23) Income tax expense	48,555,236	35,391,160	
3. Changes in operating assets and liabilities	(1,647,686,694)	(933,414,956)	
(1) Deposits	229,418,212	59,109,438	
(2) Financial assets held for trading	-	426,304,888	
(3) Financial liabilities held for trading	-	(131,483,379)	
(4) Financial assets at fair value through profit or loss	(625,866,112)	-	
(5) Financial liabilities at fair value through profit or loss	(19,482,489)	-	
(6) Financial assets designated at fair value through profit or loss	-	1,036,458,132	
(7) Financial liabilities designated at fair value through profit or loss	-	(1,699,156,177)	
(8) Financial Assets designated at Fair value through profit or loss	8,973,474	-	
(9) Derivative assets and liabilities	11,886,988	(115,984,889)	
(10) Loans and receivables	(602,298,570)	(809,542,396)	
(11) Deposits received	(123,358,079)	533,918,011	
(12) Borrowings	185,559,384	(156,420,564)	

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
(13) Retirement benefit and employee benefits obligations	(3,754,100)	(2,629,062)	
(14) Investment real estate	(355,589,261)	-	
(15) Other assets	234,657,306	(491,033,019)	
(16) Other liabilities	(375,666,005)	488,044,322	
(17) Inventories	(212,167,442)	(71,000,264)	
(18) Collective fund for default loss	-	3	
4. Interests received	413,528,723	468,759,900	
5. Interests paid	(253,206,072)	(186,395,898)	
6. Dividends received	19,590,786	20,273,893	
7. Payment of income tax	(69,086,069)	(55,938,819)	
II. Net cash inflow (outflow) from investing activities	(9,759,474)		(186,605,540)
1. Payment for acquisition of available-for-sale financial assets	-	(164,026,632)	
2. Proceeds from disposal of available-for-sale financial assets	-	52,621,210	
3. Payment for acquisition of investments for associates	(32,401,487)	(39,420,837)	
4. Proceeds from disposal of investments for associates	4,143,568	15,507,328	
5. Payment for acquisition of investments for subsidiaries (Cash on hand)	(45,563,178)	37,058,063	
6. Proceeds from disposal of investments for subsidiaries (Cash on hand)	(698,140)	(52,777,412)	
7. Payment for acquisition of property and equipment	(19,065,731)	(76,662,727)	
8. Proceeds from disposal of property and equipment	28,764	65,223	
9. Payment for acquisition of intangible assets	(457,878)	(2,224,578)	
10. Proceeds from disposal of intangible assets	800,000	468,637	
11. Payments for acquisition of non-current assets as held for sale	(17,578,974)	(13,467,367)	
12. Proceeds from disposal of non-current assets as held for sale	144,008,579	59,874,349	
13. Increase in deposit	(6,307,805)	(8,989,835)	
14. Decrease in deposit	2,832,808	5,369,038	
15. Increase of advance payment	(39,500,000)	-	
III. Net cash inflow (outflow) from financing activities	1,893,521,603		843,862,840
1. Issuance of debentures	739,287,026	309,632,741	
2. Retirement of debentures	(190,000,000)	(513,444,256)	
3. Proceeds from borrowings	1,036,640,323	1,088,193,209	
4. Increase in guarantee deposits received	357,942,839	1,377,682	
5. Decrease in guarantee deposits received	(5,047,719)	(2,011,167)	
6. Payment of dividends	(44,210,702)	(39,808,402)	
7. Proceeds from non-controlling interests	(1,090,164)	(76,967)	
IV. Changes in cash and cash equivalents by foreign currency translation	958,748		(6,410,040)
V. Net increase (decrease) in cash and cash equivalents (I+II+III+IV)	286,635,993		7,231,673
VI. Cash and cash equivalents at beginning of year	314,765,148		307,533,475
VII. Cash and cash at end of year	601,401,141		314,765,148



# Audit Report on Financial Statements

## Independent Auditor’s Report

To the Board of Directors and Shareholders  
of Daishin Securities Co., Ltd.

We audited the financial statements of Daishin Securities (hereinafter referred to as the “company”). The financial statements consist of the statement of financial position as of December 31, 2018 and December 31, 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the two reporting periods ending on the same dates, and notes on the consolidated financial statements including the summary of significant accounting policies.

**The management’s responsibility for financial statements**

The management is responsible for preparing and fairly presenting the consolidated financial statements according to the Korean International Financial Reporting Standards, and the internal control that we determined is necessary for preparing consolidated financial statements without any important misstatement due to corruption of errors. The management is also responsible for evaluating the company’s ability to continue as a going concern when preparing consolidated financial statements, and if applicable, disclosing information related to the going concern. And unless the management intends to liquidate the company or suspend business, the management is also responsible for using the goingconcern assumption of accounting.

**Auditor’s Responsibilities**

Our purpose is to gain a reasonable level of confidence with regard to whether the consolidated financial statements of the company do not have any important misstatements due to corruption or errors, and publish the audit report containing our opinions. Reasonable confidence means a high level of confidence, but it is not guaranteed that the audit conducted according to audit standards will always discover important misstatements. A misstatement may be caused by corruption or an error, and if it is reasonably expected that misstatements will individually or collectively affect users’ economic decision-making based on the consolidated financial statements, the misstatement will be deemed to be important.

As part of the audit according to audit standards, we will make professional judgments throughout the audit processes, and maintain professional skepticism. We communicate with the governing body about the scope and time of the planned audit, and significant discoveries of the audit, such as significantly inadequate internal control identified during the audit. Also, we comply with ethical requirements related to our independence, and provide the statement that we communicate with the governing body about all relationships believed to be related to our independence, other matters, and if applicable, related institutional safety devices. Among the items we communicate with the governing body, we determine that the most significant matters during the auditing of the consolidated financial statements are the core auditing targets. Unless laws exclude them from open disclosure, or we conclude that we should not communicate them in the audit report because it is reasonably expected that the negative result of our description of them in the audit report will exceed the public benefits of the communication in a very rare case, we describe them in the audit report.

**Audit opinion**

In our opinion, the attached consolidated financial statements of the company fairly present the consolidated statement of financial position of the company as of December 31, 2018 and December 31, 2017, and the consolidated financial performance and consolidated cash flow of the two reporting periods ending on the same dates according to the Korean International Financial Reporting Standards and from the viewpoint of materiality.

March 14, 2019

100 Hangang-daero, Yongsan-gu, Seoul, Korea  
**Young-Sik Kim, CEO of Samil PwC Korea**

This report is effective as of March 14, 2019, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# Separate Statements of Financial Position

## Daishin Securities Co., Ltd.

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
<b>Assets</b>			
I. Cash and bank deposits	1,696,157,797	1,771,026,228	
II. Financial assets at fair value through profit or loss	-	7,555,158,849	
1. Financial assets at fair value for trading	-	4,001,911,695	
2. Derivatives assets	-	396,402,677	
3. Financial assets designated at fair value	-	3,156,844,477	
III. Financial assets at fair value through profit or loss	8,367,663,075	-	
1. Financial assets at fair value through profit or loss	8,036,166,988	-	
2. Derivative assets	331,496,087	-	
IV. Available-for-sale financial assets	-	226,318,878	
V. Financial assets at fair value through other comprehensive income	166,865,226	-	
VI. Investments in associates	844,993,061	763,437,047	
VII. Loans and receivables	1,318,018,730	1,314,841,134	
VIII. Property and Equipment	281,779,011	301,269,225	
IX. Intangible assets	29,548,193	30,743,374	
X. Investment property	305,343,282	313,633,844	
XI. Non-current assets held for sale	-	5,400,000	
XII. Other assets	1,005,925,773	1,230,795,542	
<b>Total assets</b>	<b>14,016,294,148</b>	<b>13,512,624,121</b>	
<b>Liabilities</b>			
I. Financial liabilities at fair value through profit or loss	-	4,145,812,193	
1. Derivative liabilities	-	383,590,154	
2. Financial liabilities designated at fair value	-	3,762,222,039	
II. Financial liabilities at fair value through profit or loss	4,061,316,639	-	
1. Financial liabilities at fair value through profit or loss	66,325,384		
2. Derivative liabilities	400,574,420		
3. Financial liabilities designated at fair value through profit or loss	3,594,416,835		
III. Deposit liabilities	1,573,688,647	1,772,500,281	
IV. Borrowings	5,415,198,413	4,440,129,528	
V. Debentures	379,549,918	279,542,634	
VI. Employee benefits	5,744,584	5,335,428	
VII. Provisions	63,449,420	2,546,579	
VIII. Current tax liabilities	6,148,962	8,842,851	
IX. Deferred tax liabilities	53,973,712	54,903,033	
X. Other liabilities	662,072,284	1,085,481,565	
<b>Total liabilities</b>	<b>12,221,142,579</b>	<b>11,795,094,092</b>	

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
<b>Equity</b>			
I. Capital Stock	434,867,000	434,867,000	
II. Capital surplus	694,981,258	694,981,258	
III. Accumulated other comprehensive income	112,467,062	110,908,217	
IV. Retained earnings	727,430,846	655,270,956	
(Accumulated reserve for bad debts)	7,278,972	6,910,460	
(Expected reserve for bad debts)	4,261,563	368,512	
V. Other components of equity	(174,594,597)	(178,497,402)	
<b>Total equity</b>	<b>1,795,151,569</b>	<b>1,717,530,029</b>	
<b>Total liabilities and equity</b>	<b>14,016,294,148</b>	<b>13,512,624,121</b>	

# Separate Statements of Comprehensive Income

Daishin Securities Co., Ltd.

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
I. Commissions received and expenses, net	274,238,088		220,375,246
1. Commissions received	297,484,177	250,880,269	
2. Commissions expenses	23,246,089	30,505,023	
II. Interest income and expenses, net	(16,055,102)		(673,669)
1. Interest income	96,243,761	84,360,546	
2. Interest expenses	112,298,863	85,034,215	
III. Gain (loss) on financial instruments at fair value through profit or loss, net	-		497,568,789
IV. Gain (loss) on financial instruments designated at fair value through profit or loss, net	-		(451,476,026)
V. Gain (loss) on financial instruments at fair value through profit or loss, net	229,854,798		-
VI. Gain (loss) on financial instruments designated at fair value through profit or loss, net	(97,974,585)		-
VII. Gains and losses on credit loss	(2,396,317)		-
VIII. Other operating income (expense)	26,287,206		70,976,557
IX. Operating revenues, net	413,954,088		336,770,897
X. Selling and administrative expenses, net	286,345,790		283,867,500
1. Labor cost	158,976,206	153,117,550	
2. Depreciation and amortization	20,399,360	20,149,750	
3. Other selling and administrative expenses	106,970,224	110,600,200	
XI. Operating income	127,608,298		52,903,397
XII. Non-operating income, net	18,297,244		20,113,201
XIII. Profit before income tax	145,905,542		73,016,598
XIV. Income tax expense	31,096,663		11,604,678
XV. Net income	114,808,879		61,411,920
(Net income (loss) before reserve for bad debts Current term: KRW 110,547 million Previous term: KRW 61,043 million )			
XVI. Other comprehensive income (loss) for the period, net of tax	3,238,110		10,488,415
1. Items to be subsequently reclassifiable to profit or loss	-	9,893,511	
Gains and losses on valuation of available for sale securities	-	9,893,511	
2. Items that will not be reclassified subsequently to profit or loss	3,238,110	594,904	
Gains and losses on valuation of financial assets at fair value through other comprehensive income	2,948,239	-	
Financial liabilities designated at fair value through profit or loss	549,444	-	
Gains and losses on changes in own credit risk	(259,573)	594,904	
Re-measurement component of defined benefit plans			
XVII. Total comprehensive income for the period	118,046,989		71,900,335
XVIII. Earnings per share			
Basic earnings per common share (unit : KRW)	1,595		849
Basic earnings per 1st preferred share (unit : KRW)	1,636		894
Basic earnings per 2nd preferred share (unit : KRW)	1,586		844
Diluted earnings per common share (unit : KRW)	1,581		842
Diluted earnings per 1st preferred share (unit : KRW)	1,622		888
Diluted earnings per 2nd preferred share (unit : KRW)	1,572		838

# Separate Statements of Changes in Equity

Daishin Securities Co., Ltd.

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Unit : KRW 1 thousand

Account	Capital Stock	Capital Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Capital Adjustments	Total
Balance at January 1, 2017	434,867,000	694,981,258	100,419,802	633,673,758	(181,734,252)	1,682,207,566
Total comprehensive income						
Profit for the period	-	-	-	61,411,920	-	61,411,920
Net changes in unrealized fair value of financial assets available for sale	-	-	9,893,511	-	-	9,893,511
Re-measurement component of defined benefit plan	-	-	594,904	-	-	594,904
Transactions with equity holders						
Cash dividends	-	-	-	(39,814,722)	-	(39,814,722)
Changes in treasury stock	-	-	-	-	2,442,328	2,442,328
Others	-	-	-	-	794,522	794,522
Balance at December 31, 2017	434,867,000	694,981,258	110,908,217	655,270,956	(178,497,402)	1,717,530,029
Balance at January 1, 2018	434,867,000	694,981,258	110,908,217	655,270,956	(178,497,402)	1,717,530,029
Effects of changes in the accounting policy	-	-	(1,679,265)	1,568,144	-	(111,121)
Amount after modification	434,867,000	694,981,258	109,228,952	656,839,100	(178,497,402)	1,717,418,908
Total comprehensive income						
Profit for the period	-	-	-	114,808,879	-	114,808,879
Gains and losses on valuation of financial assets at fair value through other comprehensive income	-	-	2,948,239	-	-	2,948,239
Financial liabilities designated at fair value through profit or loss	-	-	549,444	-	-	549,444
Gains and losses on changes in own credit risk						
Re-measurement component of defined benefit plan	-	-	(259,573)	-	-	(259,573)
Transactions with equity holders						
Cash dividends	-	-	-	(44,217,134)	-	(44,217,134)
Changes in treasury shares	-	-	-	-	3,560,459	3,560,459
Others	-	-	-	-	342,346	342,346
Balance at December 31, 2018	434,867,000	694,981,258	112,467,062	727,430,845	(174,594,597)	1,795,151,568

# Separate Statements of Cash Flows

## Daishin Securities Co., Ltd.

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
I. Net cash outflow from operating activities	(618,759,307)		(320,027,466)
1. Profit for the year	114,808,879	61,411,920	
2. Adjustments in expenses and revenues	(157,113,073)	(43,119,449)	
(1) Loss (gain) on financial assets held for trading, net	-	111,565,049	
(2) Net profit or loss at fair value through profit or loss	(65,869,206)	-	
(3) Loss on financial assets designated at fair value through profit or loss, net	-	17,398,942	
(4) Net profit or loss designated at fair value through profit or loss	(88,191,612)	-	
(5) Loss (gain) on derivatives	72,912,956	(64,942,377)	
(6) Gains and losses on financial assets at amortized cost	2,396,317	-	
(7) Loss on loans and receivables	-	321,867	
(8) Depreciation and amortization	20,399,360	20,149,750	
(9) Loss (gain) on foreign currency translations, net	(1,475,329)	17,192,461	
(10) Interest income (expenses), net	(93,397,054)	(114,525,869)	
(11) Available for sale financial assets impairment profit or loss	-	1,196,065	
(12) Gain (loss) on investments in associates and subsidiaries, net	3,502,197	(1,728,129)	
(13) Impairment loss (reversal) of available-for-sale financial assets	-	1,356,306	
(14) Loss (gain) on disposal of property and equipment, net	51,643	111,204	
(15) Loss (gain) on disposal of intangible assets	-	58,416	
(16) Loss (gain) on non-current assets held for sale, net	(12,627,614)	172,333	
(17) Tangible assets impairment profit or loss	-	472,803	
(18) Intangible assets impairment profit or loss	(241,667)	294,074	
(19) Loss (gain) on investment property, net	-	1,157,551	
(20) Loss (gain) on non-current assets held for sale, net	-	314,318	
(21) Employee benefits	2,301,934	5,110,750	
(22) Other	8,484,122	3,171,648	
(23) Dividend income	(36,455,783)	(53,571,289)	
(24) Income tax expense	31,096,663	11,604,678	
3. Changes in operating assets and liabilities	(699,491,462)	(480,452,274)	
(1) Deposits	230,868,523	(4,993,188)	
(2) Financial assets held for trading	-	418,342,220	
(3) Financial assets at fair value through profit or loss	(778,530,412)	-	
(4) Financial liabilities held for trading	-	(131,483,379)	
(5) Financial liabilities at fair value through profit or loss	(19,482,490)	-	
(6) Financial assets designated at fair value through profit or loss	-	1,036,458,132	
(7) Financial liabilities designated at fair value through profit or loss	-	(1,699,156,178)	
(8) Financial liabilities at fair value through profit or loss	8,973,474	-	
(9) Derivative assets and liabilities	8,977,900	(113,437,945)	

From December 31, 2018 ((Previous) 57th Term) / to December 31, 2019 ((Current) 58th Term)

Account	(Current) 58th Term	(Previous) 57th Term	Unit : KRW 1 thousand
(10) Loans and receivables	(7,354,151)	(23,281,787)	
(11) Deposits received	(198,872,592)	307,850,218	
(12) Borrowings	206,873,035	(293,727,939)	
(13) Retirement benefit and employee benefits obligations	(2,235,222)	(932,298)	
(14) Other assets	275,255,183	(443,235,252)	
(15) Other liabilities	(423,964,710)	467,145,119	
(16) Collective fund for default loss	-	3	
4. Interests received	256,620,167	265,604,168	
5. Interests paid	(162,182,206)	(140,800,510)	
6. Dividends received	35,806,078	36,386,840	
7. Income taxes refunded (paid)	(7,207,690)	(19,058,161)	
II. Net cash outflow from operating activities	(69,359,556)		(102,587,798)
1. Proceeds from disposal of available-for-sale financial assets	-	38,328,558	
2. Proceeds from disposal of investments for associates and subsidiaries	104,497,890	21,573,600	
3. Proceeds from disposal of property and equipment	14,849	17,727	
4. Proceeds from disposal of intangible assets	-	468,637	
5. Proceeds from disposal of non-current assets as held for sale	45,400,000	5,356,546	
6. Decrease in deposit	2,477,000	4,183,165	
7. Payment for acquisition of available-for-sale financial assets	-	(48,124,812)	
8. Payment for acquisition of investments for associates and subsidiaries	(199,396,675)	(43,324,338)	
9. Payment for acquisition of property and equipment	(16,621,117)	(77,517,981)	
10. Payment for acquisition of intangible assets	-	(1,878,900)	
11. Increase in deposits	(5,731,503)	(1,670,000)	
III. Net cash inflow (outflow) from financing activities	815,950,495		473,222,172
1. Issuance of debentures	149,813,280	129,632,741	
2. Net increase (decrease) in borrowings	764,839,333	484,006,557	
3. Increase in guarantee deposits received	556,304	1,377,682	-
4. Payment of dividends	(44,210,702)	(39,808,402)	
5. Retirement of debentures	(50,000,000)	(100,000,000)	
6. Decrease in guarantee deposits received	(5,047,720)	(1,986,406)	
IV. Changed in cash and cash equivalents by foreign currency translation	1,111,197		(6,408,308)
V. Net increase in cash and cash equivalents (I+II+III+IV)	128,942,829		44,198,600
VI. Cash and cash equivalents at the beginning of the period	156,615,052		112,416,452
VII. Cash and cash equivalents at end of the period	285,557,881		156,615,052

# 04. Appendix

Achievements

Social Contribution

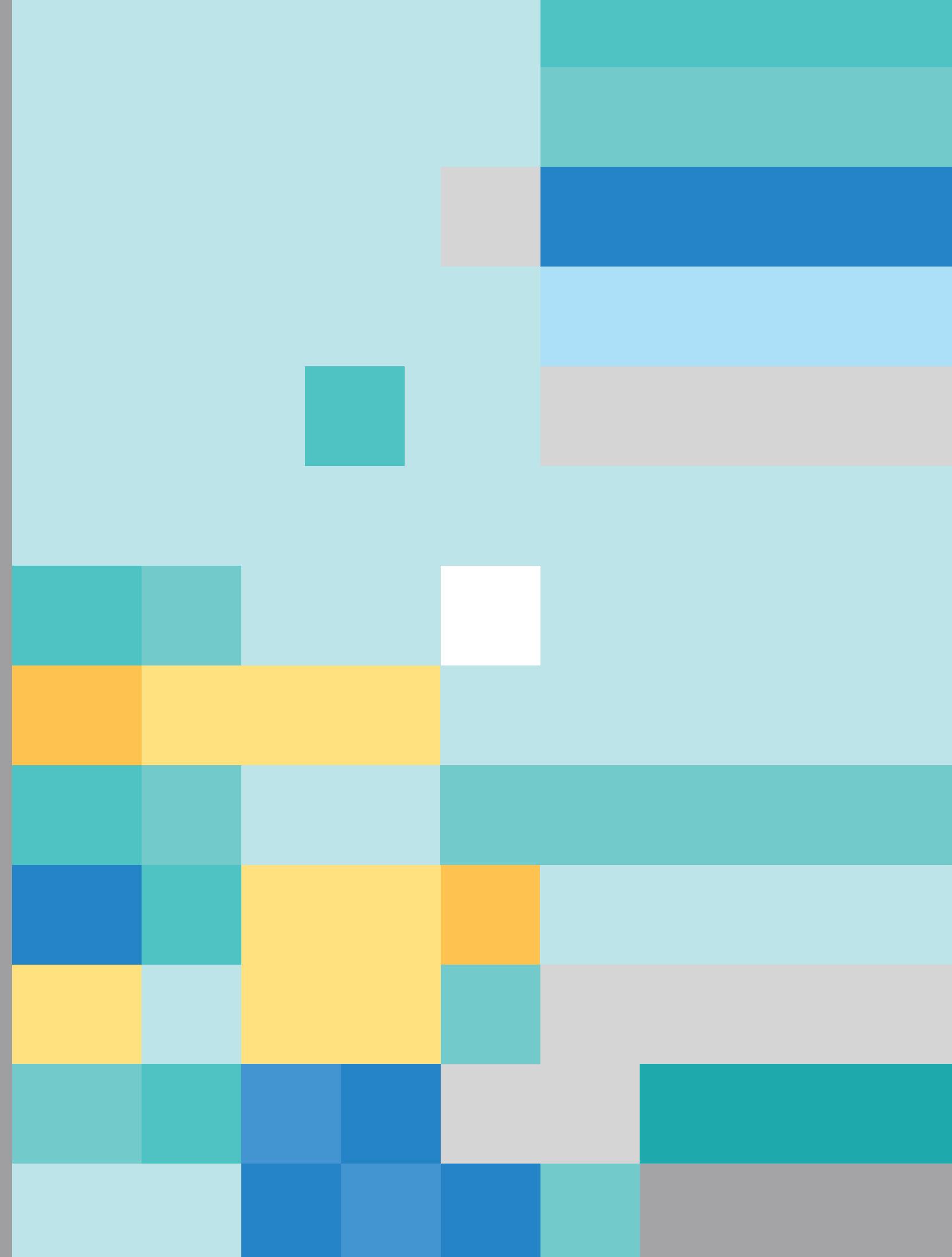
History

Awards

Network

Company Executives

Organization Chart



# Achievements

## 2018. 12 – 2018. 11

### 2018. 12

#### Daishin Securities provides customer inquiry bulletin board video reply service

Daishin Securities opened the service for checking customer inquiries via video. This service helps customers understand their inquiries about securities more conveniently by providing visual data, i.e. video. You can easily check information, screens or instructions that are difficult to explain in text through YouTube videos.

### 2018. 11

#### Daishin Securities strives to preempt the certified emission reduction market

Daishin Securities entered into an MOU with Ecosian, an eco-friendliness and energy consulting company, for business cooperation, and set out to be the first in the industry to preempt the certified emission reduction market. Through this MOU, we are planning to source opportunities in various businesses related to the certified emission reduction market, such as certified emission reduction market analysis and research, CER management strategy consulting, commodity/derivatives brokerage and emissions reduction PF arrangement. Daishin Securities is expected to respond to the greenhouse gas policy of the government, and expand networks with companies subject to CER regulations. Daishin Securities was the first in the industry to receive approval for OTC brokerage in February 2018, and performed KAU (Korean Allowance Unit) OTC trading in June and participated in establishing the direction of the Korea-EU Emissions Trading Scheme cooperation agency policy. We have continuously readied ourselves to engage the certified emission reduction market.



### 2018. 11

#### Daishin Securities HNW tax/real estate consulting service

Daishin Securities will introduce HNW tax/real estate consulting service, 1:1 customized tax/real estate consulting service to alleviate customers' concerns about tax/real estate. The strength of our tax consulting is that it goes beyond the tax saving consulting related to real estate and financial instruments, which used to be provided in financial circles, and those tax accountants who worked for the National Tax Service, large law firms, and accounting and tax accounting firms solve tax issues unique to financial investment business. We establish trading strategies and provide solutions to reduce taxes for all asset portfolios in provision against UHNW customers' worries about taxes, such as reinforcement of major shareholder transfer income tax requirements and strategies for succeeding to family business. As for real estate consulting, real estate professionals, who have an abundance of experience in real estate development, operations and management, are providing practical solutions for all residential and non-residential real estate properties. We conduct a basic valuation of the properties owned by customers and asset due diligence together with customers, and provide consulting about ways to increase the profitability of assets and gain maximum value, and reports including appropriate real estate values based on asset valuation.



## 2018. 09 – 2018. 07

### 2018. 09

#### Daishin Securities invests in a building in Manhattan, New York

Daishin Securities invested a total of KRW122.7 billion in a building in Manhattan, New York. The purpose of the acquisition is to generate revenue by supplying overseas products to retail customers and securing foreign-currency assets. We invested in a total of 2 buildings located at Manhattan's 378 West End Avenue (378WEA) and 400 Madison Avenue (400MA) respectively. We are planning to extend the 378WEA building after purchase and sell it as a residential building, and we will rent out the 400MA building as an office building. We invested KRW56.9 billion and KRW65.8 billion respectively in the two buildings.



### 2018. 08

#### Daishin Securities holds the Essence of Stocks event

Daishin Securities held the 'Essence of Stocks' event in which customers who traded domestic stocks exceeding KRW1 million will receive KT Wiz home game tickets in a raffle. This event was prepared together with KT Wiz that Daishin Securities sponsors. We planned this event by utilizing data analysis to effectively align baseball with investment in stocks. Through this event, about 130 Daishin Securities customers watched the home game between Lotte Giants and KT Wiz which was held at KT Wiz Plaza on September 29th.



### 2018. 07

#### Daishin Securities launches the profit gift trust

Daishin Securities is selling the profit gift trust that you can use to reduce taxes by giving financial earnings and reducing the income tax base. Customers can entrust their financial assets and pass on the interest and dividends to their family members. This product is advantageous to customers subject to Global Taxation of Financial Income and whose children and spouse have a small income. You can reduce the income tax burden by distributing and transferring the financial earnings from financial instruments to their family members, and reduce income tax burden, and use the difference between the subscriber, who is the giver, and the receiver in the income tax base to reduce taxes.





2018. 06 - 2018. 04

2018. 06

**Daishin Securities establishes a US subsidiary**  
Daishin Securities acquired 100% equities of ‘Daishin America LCC,’ and established a local subsidiary capitalized at KRW47.3 billion. The US subsidiary was established for the purpose of developing promising alternative investment products in advanced global markets including the US, and providing them for affluent Koreans. The main objective is to find and manage overseas investment assets including real estate, and broker deals.

**Daishin Securities introduces limited-edition hand-made wallets to celebrate its 56th anniversary**  
To celebrate its 56th anniversary, Daishin Securities introduced ‘Daishin Wallet,’ a limited-edition hand-made card wallet. As part of our design marketing following the production and provision of eco-bags, notes and umbrellas, Daishin Securities designed and sold the ‘Daishin Wallet.’ It is a hand-made leather wallet made with traditional European saddle stitches and Italy’s Buttero leather. It comes in 5 colors, such as wine, camel, yellow, indigo and green, and 100 wallets were sold for each color.



2018. 04

**Daishin Securities launches the robo adviser for pension**  
Daishin Securities launched the Daishin Robo Adviser product that receives the lowest management fees and sales fees in the industry. The management fee is 0.1%, the sales fee is 0.04% ~ 0.1%, and the total fee is 0.177% ~ 0.237%, the lowest in the industry. You can use the Robo Adviser service paying only the smallest expenses in the industry. As this product drastically reduces the fees, it is advantageous to pension holders who invest for a long time, exceeding 20 years.



**Daishin Securities launches the ‘Advance Gift Trust Product’**  
Daishin Securities introduced the Advance Gift Trust Product that does not impose any gift tax on income. To reduce taxes, this product invests the assets given to spouses or children in advance into stocks, etc. for a long time, and seeks excessive earnings. The assets are invested mostly into stocks, and depending on market conditions, they may be invested in bonds, savings and alternative products as well. The deduction limit for gifts between family members is KRW600 million for spouses, and KRW50 million for lineal ascendants and descendants. Within the gift deduction limits, you can give funds to your spouse, children and grandchildren, report the gift tax, and sign the trust contract in the name of the receiver. Then, subscription will be fulfilled.



2018. 03 - 2018. 01

2018. 03

**Daishin Securities holds the ‘Goods Morning Event’**  
Daishin Securities held the ‘Goods Morning event’ and provided the bags and business card wallets it made for first-time Creon customers. This event was prepared to enhance brand awareness and expand its customer base. We provided the limited goods as gifts which we made in collaboration with a famous fashion company.



**Daishin Securities pays cash dividends for 20 years in a row**  
Daishin Securities paid cash dividends for 20 consecutive years. Daishin Securities paid KRW610 per common share, KRW660 per preferred share, and KRW610 per preferred share 2B. The dividend yield is 4.12% for common shares, 6.58% for preferred shares and 6.54% for preferred shares 2B.

**Daishin Securities establishes a global real estate team in its research center**  
Daishin Securities Research Center organized a global real estate team, and began to differentiate it from competitive research. The global real estate team will significantly reinforce its overseas investigation analysis competency and publish special research data focused on global real estate. We are providing in-depth analysis reports focused on advanced countries like the US, Japan and Australia, and the reports comprehensively include various issues, such as taxes, real estate systems of different countries and industry trends.

2018. 01

**Daishin Securities opens its voice recognition chatbot service**  
Daishin Securities introduced chatbot service capable of voice recognition. It is known as the AI interactive counseling chatbot ‘AI Secretary Benjamin’ service loaded with voice recognition technology. It recognizes the voice of customers, converts it into text, and finds the best information desired by the customers after data analysis. It allows you to check various kinds of information starting with key securities businesses, and provides you with the rights of the stocks, bonds, financial instruments you own and other important information through the ‘personalized notice.’



**Daishin Securities launches two types of Iron Ore Futures ETN**  
Daishin Securities introduced ‘Daishin Iron Ore Futures ETN(H)’ and ‘Daishin Inverse Iron Ore Futures ETN(H),’ the first ETN products in the world that invest in iron ore, the representative industrial metal. These products were made by reflecting the anticipated increase in demands for steel due to economic recovery in major countries around the world, including the US and China, and increased infrastructure investments. ‘Daishin Iron Ore Futures ETN(H)’ follows the daily yield of Iron Ore Futures[SGX TSI Iron CFR China(62% Fe Fines) Index Futures], listed on Singapore Exchange (SGX), +1X, whereas ‘Daishin Inverse Iron Ore Futures ETN(H)’ follows the daily yield -1X.



# Social Contribution

2018



**Delivering donations (Naju, Jeollanam-do and Goesan, Chungcheongbuk-do)**

Auh-Ryung Lee, chairperson of Daishin Financial Group, visited Naju, Jeollanam-do and Goesan, Chungcheongbuk-do in December 2018 and delivered donations. The donations were provided to multi-cultural family support centers, social welfare facilities, childcare facilities for people with physical disabilities and nurseries in Naju, and multi-cultural family support centers and childcare facilities for people with physical disabilities in Goesan. The donation drive began in 2004, and it is the 15th year as of this year. The late founder chairman Jae-Bong Yang used his own money to start the donation delivery ceremony, which is held under the corporate philosophy of ‘return corporate profits to society,’ in 1991. It evolved to scholarship delivery, payment of medical expenses of children born with disabilities, and support for medical institutions and social welfare facilities, and donations totaling KRW11.3 billion were delivered to people in need at all levels of society. We will grow into a company that will fulfill our social responsibilities and practice sharing through corporate social responsibility.



**Delivering donations (Community Chest of Korea)**

Daishin New Spring Cultural Foundation gave KRW200,000,000 to the ‘Winter Fund-raising Drive 2018’ of the Community Chest of Korea. The donation will be used as emergency living expenses and medical expenses for the underprivileged in society.



**Delivering donations (child welfare facilities, WESTART)**

Daishin New Spring Cultural Foundation delivered KRW6,000,000 and KRW2,000,000 to child welfare facilities, such as Dongmyung Child Welfare Center and WESTART, respectively. The donations were used as childcare expenses and living expenses for those children who have to live in child welfare centers due to their poor backgrounds and for the welfare, education and health of children in low-income families.

2018

**Delivering scholarships for 2018**

Daishin New Spring Cultural Foundation gave a total of KRW234,143,100 as scholarships to 69 high school students, 16 college students and one graduate student who were selected as scholarship students for 2018. Daishin New Spring Cultural Foundation selects underprivileged students and students with good grades from around the country and delivers scholarships to them every year.

**National health support (providing the medical expenses of children with cleft lips and palates)**

Daishin New Spring Cultural Foundation paid medical expenses for children with cleft lips and palates at Chonnam National University Hospital and Kangdong Sacred Heart Hospital who cannot undergo surgery because of their poverty-stricken family background. This project, which was started in 1996, has paid KRW386,360,401 for the surgery of a total of 422 children, bringing a bright smile back to their faces.

**Hosting the book report contest for 2018**

Daishin New Spring Cultural Foundation gave certificates and prizes to one grand prize winner, two first prize winners, five excellence award winners and ten participation prize winners through the book report contest, which was held to cultivate the character and sophistication of students who were nominated as scholarship students.

**Delivering scholarships (Sangmyung University, Yangchung Scholarship Foundation)**

Daishin New Spring Cultural Foundation delivered KRW50,000,000 and KRW19,000,000 as scholarships to Sangmyung University and Yangchung Scholarship Foundation respectively. The scholarships were given to well-behaved students with good grades in consideration of their family circumstances.

**Delivering donations to the Poolside Camp for the Disabled**

Daishin New Spring Cultural Foundation donated KRW1,000,000 to the Securities Mission. The donation was used to sponsor the ‘Poolside Camp for the Disabled,’ which is held to share love with people in facilities for the disabled. Daishin New Spring Cultural Foundation donated a total of KRW6,000,000 from 2012 till now.

**Delivering donations to the charity concert to help the disabled**

Daishin New Spring Cultural Foundation delivered KRW1,000,000 to the Securities Mission. The donation was used to sponsor the ‘charity concert to help the disabled,’ which is held to share love with people in facilities for the disabled.

**Sponsoring Daishin Songchon Naju Football Class**

Daishin New Spring Cultural Foundation delivered KRW22,000,000 to sponsor the 10th Daishin Songchon Dragons Naju Football Class. To contribute to the development of Korean soccer by improving the sports environment and finding promising young soccer players as part of its social contribution activities in the local community, Daishin New Spring Cultural Foundation opened the Daishin Songchon Dragons Naju Football Class in September 2009, and selects 70 elementary school students in Naju every year, and provides education at Naju Elementary School once a week jointly with the professional football club, Jeonnam Dragons. Membership benefits include the provision of uniforms and sweat suits, finding good players early and developing them jointly with Jeonnam Dragons, participation in the K-League Youth Club Competition, escorting home game players and opportunities to learn football through participation.

**Delivering donations to the National Museum of Modern and Contemporary Art**

Daishin New Spring Cultural Foundation provided KRW20,000,000 as a support fund for academic research to the National Museum of Modern and Contemporary Art Supporters Association through the National Museum of Modern and Contemporary Art Foundation. The National Museum of Modern and Contemporary Art Supporters Association conducts various projects, such as supporting investigation and research of modern art, collection and preservation of artworks, planning and supporting permanent exhibitions, supporting developing and execution of various education programs, scholarship and publishing, and exchange and support of international modern artworks and information. Daishin New Spring Cultural Foundation donated a total of KRW140,000,000 from 2012 till now.



# History

1960 – 1979	
1962. 07. 27	Established Samrak Securities
1975. 04. 22	Changed corporate name to Daishin Securities
1975. 10. 01	Opened stock market in Seoul stock exchange (currently KRX)

1980 – 1999	
1984. 08. 25	Opened office in Tokyo
1984. 09. 22	Established Daishin Economic Reserach Institute
1985. 05. 28	Moved Company HQ to Yeoui-do
1986. 11. 27	Established Daishin Comprehensive Development Securities
1987. 08. 28	Established Daishin Computing & Information Center
1988. 03. 24	Established Daishin Investment Foundation (currently Daishin Asset Management)
1990. 07. 20	Established Daishin New Spring cultural foundation
1995. 06. 20	Established Daishin Factoring Corporation
1997. 04. 12	Opened home training system (CYBOS)
1998. 06. 09	Launched internet web-training
1999. 08. 31	Allied with Sumitomo Life Insurance Company for capital tasks

2000 – 2009	
2002. 09. 16	Profit incinerated 200,000 common stocks
2003. 07. 21	Selected as KODI company
2003. 12. 01	Selected as KOGI company
2004. 04. 26	Exported CYBOS to the Polaris Securities in Taiwan
2004. 06. 15	Selected as outstanding corporate management company by KRX

2005. 12. 13	Exported CYBOS gift transaction system to Settrade in Thailand
2006. 10. 16	Allied with Nikko Cordial Securities for cash and tasks
2007. 11. 02	Opened stocks in GDS
2008. 02. 13	Established company branch in Hong Kong
2008. 05. 26	Established branch in Shanghai
2009. 10. 20	Selected among Dowjones Corporate Sustainability management

2010 – 2018	
2010. 01. 09	Prearrangement of financial stock
2010. 04. 06	Signed MOU agreement with Mandiri Securities, Indonesia
2011. 08. 31	Launched Daishin Savings Bank
2012. 06. 12	Signed strategic partnership with Okasang Securities, Japan
2012. 06. 20	50 years anniversary of the opening of Daishin Securities, proclaimed Daishin Securities
2014. 04. 17	Launched Daishin Private Equity
2014. 05. 08	Launched Daishin F&I, Daishin AMC
2015. 01. 15	Announced Daishin House View
2016. 10. 09	Registered as innovative technology business
2016. 11. 14	Signed a strategic partnership with Bu Allahu Securities, Thailand
2016. 12. 01	Signed stock broker agreement with Malayan Banking Berhand
2016. 12. 26	Moved Daishin Securities Group HQ to Myeong-dong
2017. 08. 29	Established a Singapore subsidiary
2018. 06. 11	Established a New York subsidiary

# Awards

2018		
2018. 01	Korea IB Awards	IB innovation award / Money Today
2018. 02	2018 Maeil Business Securities Awards	Gold prize (IT innovation) / Maeil Business Newspaper
2018. 03	Citation for excellent treasury bond dealers for the second half of 2017	Ministry of Economy and Finance
2018. 04	e-Daily Financial Investment Awards (in the robo advisor category)	Grand prize / e-Daily
2018. 05	Customer satisfaction awards	Korea Herald Business
2018. 10	Finalist Awards of 2018 IDEA Design Awards	Design Award / IDEA
	Asia Today financial grand prize (in the robo advisor category)	Grand prize / Asia Today
	Asia mobile trading system grand prize	Customer trust award / Asia Business Daily
2018. 11	Best MTS Awards	Excellence award in the customer service category / Money Today
	Best Securities Award of Korea	Grand prize in asset management / Seoul Economic Daily
2018. 12	Market leader of the year award	Excellence award in the MTS category / e-Today
	Excellent financial investment advertising	Excellent advertising in the PR category / Korea Financial Investment Association

# Network

## Headquarter

Business Dept.	3F, Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul	02-757-8211
----------------	---	-------------

## Gangbuk District

Gwangmyeong Center	2F Daishin Securities BLDG, 16 Cheolsan-ro, Gwangmyeong-si, Gyeonggi-do	02-2681-2311
Gwanghwamun Center	1F, 2F Juksun Hyundai BLDG, 130 Sajik-ro, Jongro-gu, Seoul	02-735-7571
Nowon Branch	1F SK Broadband BLDG, 466 Nohae-ro, Nowon-gu, Seoul	02-3391-4654
Daerimdong Branch	1F Daishin Securities BLDG, 641 Siheung-daero, Yeongdeungpo-gu, Seoul	02-849-4923
Mokdong WM Center	2F Trapalace Eastern Avenue, 299 Omok-ro, Yangcheon-gu, Seoul	02-2653-7778
Bucheon Branch	2F Bizantium, 91 Gilju-ro, Wonmi-gu, Bucheon-si, Gyeonggi-do	032-667-1512
Songdo Branch	2F Songdo Millenium BLDG, 69 Convensia-daero, Yeonsu-gu, Incheon	032-763-8108
Shinchon Branch	5F Dongin BLDG, 144 Seogang-ro, Mapo-gu, Seoul	02-719-3713
Yeouido Branch	2F Allianz Tower, 147 Uisadang-daero, Yeongdeungpo-gu, Seoul	02-6951-0123
Ichondong Branch	4F Cheil BLDG, Ichonro 64-gil, Yongsan-gu, Seoul	02-749-4800
Incheon Center	3F Manhattan BLDG, 4 Inha-ro 489 beon-gil, Namdong-gu, Incheon	032-435-8700
Ilsan Branch	2F Jungdo Plaza, 1419 Jungang-ro, Ilsanseo-gu, Goyang-si, Gyeonggi-do	031-919-5033
Pyeongchon Branch	2F intops BLDG, 206 Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do	031-388-2400

## Gangnam District

Gangnamdaero Center	2F Yardell Finance BLDG, 292 Gangnam-daero, Gangnam-gu, Seoul	02-3462-1630
Gangnamseolleung Center	1F, 2F HLMC BLDG, 420 Teheran-ro, Gangnam-gu, Seoul	02-569-9233
Dogok WM Center	2F Dongha BLDG, 2913 Nambusunhwan-ro, Gangnam-gu, Seoul	02-553-8400
Myeongildong Branch	2F Innocence BLDG, 1596 Yangjae-daero, Gangdong-gu, Seoul	02-3426-3551
Banpo WM Center	2F Banpo Xi Plaza, 24 Jamwon-ro, Seocho-gu, Seoul	02-592-6200
Bundang Center	3F Coscom BLDG, 27 Hwangsaetul-ro 360 beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do	031-702-5400
Sadang Branch	3F Golden Cinema Tower, 89 Dongjak-daero, Dongjak-gu, Seoul	02-3474-0600
Songtan Branch	3F Bumhan Plumbing BLDG, 33 Gwangwangtekgu-ro, Pyeongtaek-si, Gyeonggi-do	031-763-8108
Suwon Branch	4F Seyoung BLDG, 199 Gwongwang-ro, Paldal-gu, Suwon-si, Gyeonggi-do	031-224-9900
Suji Branch	3F Seho BLDG, 52 Seongbok 2-ro, Suji-gu, Yongin-si, Gyeonggi-do	031-265-2733
Apgujeong WM Center	2F Youngsin BLDG, 218 Apgujeong-ro, Gangnam-gu, Seoul	02-546-3901
Yangjaedong Branch	2F Winston hofficetel, 79 Nonhyeon-ro, Seocho-gu, Seoul	02-574-0300
Osan Center	2F innocence BLDG, 129 Seongho-daero, Osan-si, Gyeonggi-do	031-375-8377
Jamsil WM Center	3F Trazium, 61 Seokchonhosu-ro, Songpa-gu, Seoul	02-421-2332
Cheongdam WM Center	1F Financial Health Cheongdam Center BLDG, 707 Yeongdong-daero, Gangnam-gu, Seoul	02-3443-0100
Meister Club Jamsil	2F Jangmi, 112 Olympic-ro 35-gil, Songpa-gu, Seoul	02-3432-4950

## West District

Gwangyang Branch	1F Haewoon BLDG, 63 Jungdong-ro, Gwangyang-si, Jeollanam-do	061-791-7800
Gwangju Center	1F Daishin Securities BLDG, 147 Geumnam-ro, Dong-gu, Gwangju	062-223-6601
Gunsan Branch	3F Cheongdam BLDG, 188 Susong-ro, Gunsan-si, Jeollabuk-do	063-442-3151
Naju Branch	2F Vision Tower, 685 Bitgaram-ro, Naju-si, Jeollanam-do	061-337-9696
Daejeon Center	2F Myeongdong Plaza, 226 Daedeok-daero, Seo-gu, Daejeon	042-482-1221
Mokpo Branch	3F Formo BLDG, 95 Ogam-ro, Mokpo-si, Jeollanam-do	061-284-4611
Sangmu WM Center	2F Ajou BLDG, 64 Sangmujungang-ro, Seo-gu, Gwangju	062-371-0017
Suncheon Branch	1F ChungwooEnC, 296 Isu-ro, Suncheon-si, Jeollanam-do	061-724-8440
Jeonju Branch	2F Daishin Securities BLDG, 235 Paldal-ro, Wansan-gu, Jeonju-si, Jeollabuk-do	063-275-4600
Cheonan Center	3F MarvelousT Tower, 22-92 Buldang, Seobuk-gu, Cheonan-si, Chungcheongnam-do	041-578-0535
Cheongju Branch	3F Heungbok Dream Mall BLDG, 47 Daenong-ro, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do	043-222-7290

## East District

Daegu Center	3F Byuksan Tower, 1748 Dalgubeol-daero, Dalseo-gu, Daegu	053-558-6300
Dong-daegu Branch	2F Bumoo BLDG, 2392 Dalgubeol-daero, Suseong-gu, Daegu	053-751-6040
Dongnae WM Center	2F Daishin Securities BLDG, 212 Chungnyeol-daero, Dongnae-gu, Busan	051-556-8200
Busan Center	3F Seomyun Finance BLDG, 709 Jungang-daero, Busanjin-gu, Busan	051-806-5561
Ulsan Branch	3F CheilHwajae BLDG, 262 Samsan-ro, Nam-gu, Ulsan	052-265-2265
Jeju Branch	1F Segi Smart BLDG, 3339 1100-ro, Jeju-si, Jeju-do	064-743-4131
Changwon Center	4F Suhyup BLDG, 113 Sangnam-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do	055-281-6404
Pohang Branch	1F Gyunglim BLDG, 8 Sicheong-ro, Nam-gu, Pohang-si, Gyeongsangbuk-do	054-273-4411
Haeundae Branch	3F Marina Center, 154 Haeundaehaebyeon-ro, Haeundae-gu, Busan	051-704-3800

## Global Network

USA	400 Madison Avenue Suite 14B, New York, NY 10017	1-646-791-0974
Singapore	Suite2, Level42, Suntec Tower 3, 8 Temasek Boulevard Singapore 038988	65-6829-2305
Tokyo	8F, Nax Bldg, 1-3-2, Shinkawa, Chuo-ku, Tokyo, 104-0033, Japan	81-3-3551-8088

# Company Executives

## Investment Banking Group



Head of the Investment Banking Group & head of the Management Support Division | Ik-Keun Oh



Head of PF Group | Taek-Hyeon Gwon



Head of IB Group | Sung-Jun Park

## Solution & Product Group



Head of Solution & Product Group | Young-Hoon Bae



Head of Market Solution Group | Hwan-Mok Lee



Head of Product Group | Byung-Sik Moon

## WM Group



Head of WM Group | In-Sig Shin



Director of Gangnam Regional Headquarters | Dong-Hyun Park



Director of Gangbuk Regional Headquarters | Jae-Joong Jung



Director of Dongbu Regional Headquarters | Jeong-Hwa Lee



Director of Seobu Regional Headquarters | Yeon-Gyu Jung

## Headquarter Functions



Director of Business Strategy Group | Beom-Cheol Kim



Director of Secretary/Brand Strategy Group | Hyeok Song



Head of Risk Management Group | Gi-Mo Kil



Director of Customer Asset Management Group & Head of Public Relations Group | Kyung-Sun Cho



Director of Business Support Group | Dae-Han Hong



Director of Business Planning Group | Dong-Hoon Lee



Director of Information Technology Group | Myung-Jae Choi



Head of the Strategic Support Division | Seung-Wook Jin



Director of Research & Strategy Group | Yon-Woo Chung



Director of Smart Biz Group | Sang-Won Kim



Head of Audit Group | Seong-Won Kim



Head of Compliance Group | Seong-Keun Lee



Head of Information Protection Group | Tae-Am Jung

# Organization Chart

Organizational structure (as of May 2019)

2 Generalization, 3 Business Group, 17 Division, 4 Regional Headquarter, 37 Dept., 5 Direct Control Team, 1 Sales Department, 1 Overseas Office.

General Meetings of Shareholders		
Board of Directors		
Chairwoman		
CEO	Customer Asset Management Group	
	Product Planning Dept. Wrap Business Dept. Trust Business Dept. Pension Business Center	
	Investment Banking Group	IB Division
		ECM Dept. Coverage Dept. IPO Dept. Advisory Dept.
President		PF Division
		PF1 Dept. PF2 Dept. Alternative Investment Dept.
	Secretary/Brand Strategy Group	
	Secretary Dept. Brand Strategy Dept. Club 1962	
	Business Strategy Group (CSO)	Business Planning Group (CFO)
		Business Planning Dept. Tokyo Office Finance Treasury Dept. Information Service Planning Dept.
		Strategic Support Division
		Strategic Support Dept. Business Support Team
	Business Support Group	Business Support Group
		Human Resource Dept. Infrastructure Services Dept. Settlement Service Dept.
	Information Technology Group	
	IT Support Dept. IT Development Dept.	

Smart Biz Group		Smart Biz Service Planning Dept. Prime Team Customer Satisfaction Dept.
Research & Strategy Group		Long-term Strategy Research Dept. Asset Research Dept.
Solution & Product Group	Market Solution Division	Global Derivatives Dept. Institutional Sales Dept. Foreign Investment Business Dept.
	Product Division	Institutional Financial Product Business Dept. Asset Management Dept. Bond Sales Dept.
WM Group	WM Service Planning Dept.	
	4 Regional Headquarters	
		Business Dept.
Risk Management Division (Chief Risk Officer, CRO)		Risk Management Dept.
Information Protection Division (Chief information Security Officer)		Information Protection Division
Compliance Support Division (Compliance Officer, CCO)		Compliance Dept. Financial Customer Protection Dept.
PR Division		Public Relations Dept.
Audit Committee	Audit Division	Auditing Dept.

**Date of Publication**      June, 2019  
**Publisher**                 Auh-ryung Lee  
**Publishing Organizaiton**    Daishin Securities Co., LTD.  
**Production**                Daishin Securities Public Relations Dept.  
**Design & Planning**        Daishin Securities Brand Strategy Dept.  
**Design**                      601BISANG

Daishin Finance Center, 343 Samil-daero, Jung-gu, Seoul, Korea  
Tel. 02-769-2117 / Fax. 0505-088-4161  
irmaster@daishin.com







